

[DISCUSSION DRAFT]

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Securities and Exchange Act of 1934 with respect to the authority of the Securities and Exchange Commission to seek disgorgement, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities and Exchange Act of 1934 with respect to the authority of the Securities and Exchange Commission to seek disgorgement, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the **["____ Act of 2026"]**.

5 **SEC. 2. DISGORGEMENT.**

6 Section 21(d)(7) of the Securities Exchange Act of
7 1934 (15 U.S.C. 78u(d)(7)) is amended to read as follows:

1 “(7) DISGORGEMENT.—

2 “(A) IN GENERAL.—In any action or pro-
3 ceeding brought by the Commission against a
4 person for a violation of the securities laws, the
5 Commission may seek, and any Federal court
6 may order—

7 “(i) disgorgement of any unjust en-
8 richment received by the person from com-
9 mitting such violation; and

10 “(ii) that the disgorged funds be—

11 “(I) awarded to victims of such
12 violation; or

13 “(II) if it is not cost effective or
14 feasible to return funds to the victims
15 of such violation, deposited into the
16 Securities and Exchange Commission
17 Investor Protection Fund.

18 “(B) UNJUST ENRICHMENT.—For pur-
19 poses of this paragraph, with respect to a per-
20 son that commits a violation of the securities
21 laws, unjust enrichment shall not include prof-
22 its from a violation that another person re-
23 ceived.

24 “(C) CALCULATION OF DISGORGEMENT
25 AMOUNT.—The amount of a disgorgement in

1 connection with a violation of the securities
2 laws described under subparagraph (A) shall be
3 the net profit of the person from committing
4 such violation, which shall be calculated by tak-
5 ing the profit received by the person from com-
6 mitting of such violation and deducting legiti-
7 mate expenses (which shall not include expenses
8 incurred directly in the commission of the viola-
9 tion).

10 “(D) RULES APPLICABLE TO ALL
11 DISGORGEMENTS.—The requirements of this
12 paragraph shall apply to any disgorgement im-
13 posed by the Commission, whether directly or
14 through court order.”.