

[DISCUSSION DRAFT]

119TH CONGRESS
2^D SESSION

H. R. _____

To amend the Securities Act of 1933 to require additional disclosure about paid securities promotion, to make online information sources safer, and to deter misleading sales pressures and manipulative trading schemes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Securities Act of 1933 to require additional disclosure about paid securities promotion, to make on-line information sources safer, and to deter misleading sales pressures and manipulative trading schemes.

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 “Honesty in Your Pro-
5 motions and Endorsements Act of 2026” or the “HYPE
6 Act of 2026”.

1 **SEC. 2. FRAUDULENT INTERSTATE TRANSACTIONS.**

2 Section 17 of the Securities Act of 1933 (15 U.S.C.

3 77q) is amended—

4 (1) in subsection (b)—

5 (A) by inserting “(1)” before “It shall”;

6 (B) by striking “communication which”
7 and inserting “communication (in this section
8 referred to as a ‘paid securities promotion’
9 which”;

10 (C) by inserting “, depicts, or otherwise
11 presents information about” after “describes”;

12 (D) by striking “issuer, underwriter, or
13 dealer, without fully disclosing the receipt,
14 whether past or prospective, of such consider-
15 ation and the amount thereof.” and inserting
16 the following: “issuer, an underwriter, a dealer,
17 an officer, director, or employee of the issuer of
18 such security, or a beneficial owner of more
19 than 5 percent of any class of security of the
20 issuer, or any affiliate of any such person de-
21 scribed in this subsection (b)(1), without fully
22 disclosing—

23 “(A) in the case of a person other than a
24 natural person, the nature of the person’s busi-
25 ness;

1 “(B) whether such person, or any affiliate
2 or immediate family member of such person—

3 “(i) directly or indirectly holds any se-
4 curities of the issuer;

5 “(ii) is a beneficial owner (as defined
6 in Rule 13d-3 under the Securities Ex-
7 change Act of 1934) of any class of securi-
8 ties of the issuer;

9 “(iii) directly or indirectly holds any
10 note, warrant, option or other instrument
11 convertible into, or exercisable for, securi-
12 ties of the issuer, regardless of when or
13 under what condition such right may be
14 exercised; or

15 “(iv) intends to sell securities of the
16 issuer within the 10 business day period
17 beginning on the date of the paid securities
18 promotion;

19 “(C) the nature and amount of consider-
20 ation received to date and any other additional
21 consideration reasonably expected to be received
22 in the future in exchange for making the paid
23 securities promotion, whether in cash, securi-
24 ties, or otherwise; and

1 “(D) a statement as to whether any direct
2 source and, if applicable, any indirect source of
3 such consideration—

4 “(i) is the issuer or an affiliate there-
5 of;

6 “(ii) is an underwriter or a dealer
7 with respect to such security, or an affil-
8 iate thereof;

9 “(iii) is, directly or indirectly, the ben-
10 efiticial owner of more than 5 percent of any
11 class of security of the issuer;

12 “(iv) is a director or an officer of the
13 issuer; and

14 “(v) has an affiliate or immediate
15 family member that owns any securities of
16 the issuer and intends to sell any of such
17 securities within the 10 business day pe-
18 riod beginning on the date of the paid se-
19 curities promotion to which the consider-
20 ation relates.

21 The information required to be disclosed under
22 subsection (b)(1)(D) shall be provided to the re-
23 cipient of the consideration by the person pro-
24 viding such consideration prior to the making of
25 the paid securities promotion and in sufficient

1 time to enable the recipient of the consideration
2 to comply with subsections (b)(1) and (2).”;
3 and

4 (E) by adding at the end the following:

5 “(2) The disclosure described in paragraph
6 (1)—

7 “(A) shall be made part of, and disclosed
8 contemporaneously with, the paid securities pro-
9 motion to which it relates;

10 “(B) if in writing, shall—

11 “(i) be in the same or greater font
12 size as the largest font size used in the
13 paid securities promotion;

14 “(ii) be in bold font;

15 “(iii) be prominently displayed at the
16 beginning of the paid securities promotion;
17 and

18 “(iv) contain the banner ‘PAID PRO-
19 MOTION’ at the top; and

20 “(C) if by voice or video—

21 “(i) shall be at the beginning of the
22 paid securities promotion and at the same
23 speaking pace; and

24 “(ii) contain the statement ‘This is a
25 paid promotion.’ at the beginning.

1 “(3) During the 5-year period beginning on the
2 date that a paid securities promotion is made, the
3 person making the paid securities promotion shall
4 maintain, and make available to the Commission
5 upon request, the following information in connec-
6 tion with the paid securities promotion:

7 “(A) If the provider of the consideration in
8 connection with the paid securities promotion is
9 a natural person, the name, address, telephone
10 number, and email address of the provider.

11 “(B) If the provider of the consideration in
12 connection with the paid securities promotion is
13 not a natural person—

14 “(i) the name, telephone number, and
15 email address of the provider;

16 “(ii) the address of the principal office
17 of the provider;

18 “(iii) the names of any natural person
19 owning or controlling the provider; and

20 “(iv) the State or other place of orga-
21 nization of the provider.

22 “(C) The information described under sub-
23 section (e) that was disclosed to the person by
24 the provider of the consideration in connection
25 with the paid securities promotion.

1 “(4) It shall be unlawful for a person making
2 a disclosure described under paragraph (1) or sub-
3 section (e), or an affiliate or immediate family mem-
4 ber of such person, to sell securities of the issuer to
5 which the disclosure relates within the 10 business
6 day period of disseminating the paid securities pro-
7 motion.

8 “(5) In this subsection, the term ‘communica-
9 tion’ includes all forms of printed or electronic
10 media, including streaming video, streaming audio,
11 audiotapes, videotapes, facsimiles, CD-ROMs, elec-
12 tronic mail, websites, substantially similar messages
13 widely distributed (rather than individually distrib-
14 uted, and including messages distributed to par-
15 ticular classes of persons) on telephone answering or
16 voice mail systems, computers, social media, instant
17 and direct messaging platforms, message boards,
18 computer networks, text messages, website links,
19 and other forms of computer data compilation.”; and

20 (2) by adding at the end the following:

21 “(e) It shall be unlawful for any person to provide
22 the consideration described under subsection (b)(1) with-
23 out disclosing to the recipient of the consideration prior
24 to the making of the paid securities promotion and in suf-

1 ficient time to enable the recipient of the consideration
2 to comply with subsection (b)(1) and (b)(2)—

3 “(1) if the person is a natural person or group
4 of natural persons, the name and residential or busi-
5 ness address, telephone number, and email address
6 of the person or group;

7 “(2) if the person is not a natural person—

8 “(A) the name, telephone number, and
9 email address of such person;

10 “(B) the address of the principal office of
11 such person;

12 “(C) the names of any natural person own-
13 ing or controlling the person;

14 “(D) the State or other place of organiza-
15 tion of the person; and

16 “(E) the nature of the person’s business;
17 and

18 “(3) whether the person—

19 “(A) is the issuer or an affiliate thereof, an
20 underwriter or a dealer with respect to the se-
21 curity, or an affiliate thereof;

22 “(B) is, directly or indirectly, the beneficial
23 owner of more than 5 percent of any class of
24 security of the issuer or an affiliate thereof;

1 “(C) directly or indirectly holds (or has the
2 right to acquire) a note which may be converted
3 to securities of the issuer;

4 “(D) is a director, officer or employee of
5 the issuer or an affiliate of any such person;

6 “(E) intends to sell securities of the issuer
7 within the 10 business day period beginning on
8 the date of the paid securities promotion to
9 which the consideration relates; or

10 “(F) has an affiliate or immediate family
11 member that owns securities of the issuer and
12 intends to sell any of such securities within the
13 10 business day period beginning on the date of
14 the paid securities promotion to which the con-
15 sideration relates.”.

16 **SEC. 3. REQUIRED DISCLOSURES WHEN PROVIDING IMPER-**
17 **SONAL INVESTMENT ADVICE.**

18 Section 206 of the Investment Advisers Act of 1940
19 (15 U.S.C. 80b-6) is amended—

20 (1) by striking “It shall” and inserting:

21 “(a) IN GENERAL.—It shall”; and

22 (2) by adding at the end the following:

23 “(b) REQUIRED DISCLOSURES WHEN PROVIDING IM-
24 PERSONAL INVESTMENT ADVICE.—It shall be unlawful for
25 any investment adviser, any supervised person of an in-

1 vestment adviser, or any person providing a testimonial
2 or endorsement within the meaning of Rule 206(4)-1, to
3 provide impersonal investment advice, including through
4 a website, social media platform, video or audio content,
5 newsletter, subscription service, mobile application, elec-
6 tronic communication, or other digital or broadcast me-
7 dium, without disclosing—

8 “(1) any material conflict such adviser or per-
9 son has regarding such advice;

10 “(2) any compensation received for providing
11 such advice;

12 “(3) the regulatory status, educational back-
13 ground, and business experience of such person pro-
14 viding the advice; and

15 “(4) that the advice is impersonal in nature,
16 does not purport to meet the objectives or needs of
17 the recipient, does not take into account the recipi-
18 ent’s particular circumstances, and is not a sub-
19 stitute for personalized advice from a qualified in-
20 vestment adviser.

21 For purposes of this subsection the term ‘impersonal in-
22 vestment advice’ means investment advice that does not
23 purport to meet the objectives or needs of specific clients
24 and does not take into account any client’s financial situa-
25 tion. For further purposes of this subsection, the dislo-

1 sures required herein apply solely to impersonal invest-
2 ment advice and shall not be construed to alter, expand,
3 or limit the fiduciary duties of investment advisers under
4 this Act or under any rule or interpretation of the Com-
5 mission.”.

6 **SEC. 4. FINANCIAL INFLUENCER TASK FORCE.**

7 (a) ESTABLISHMENT.—The Securities and Exchange
8 Commission, in consultation with the Federal Trade Com-
9 mission, the Commodity Futures Trading Commission,
10 and State regulators, shall establish a Financial Influencer
11 Task Force.

12 (b) DUTIES.—The Financial Influencer Task Force
13 shall—

14 (1) compile and publish data on complaints re-
15 lated to investment advice offered by persons on so-
16 cial media platforms to help investors to identify
17 influencers and platforms who may have violated the
18 law;

19 (2) provide guidance to, and engage with,
20 influencers regarding the applicability of Federal se-
21 curities laws and regulations;

22 (3) develop best practices for investment advis-
23 ers, brokers, and dealers engaging with influencers
24 under the Marketing Rule (17 C.F.R. 275.206(4)-1)
25 and similar statutes or rules;

1 (4) encourage brokers, dealers, and investment
2 advisers to train and enhance oversight of affiliated
3 influencers;

4 (5) educate investors regarding red flags and
5 risks of relying on financial advice received on social
6 media platforms;

7 (6) evaluate the effectiveness of Federal laws,
8 guidance, and regulations applicable to the mar-
9 keting, promotion, and touting of securities and the
10 provision of financial advice on social media plat-
11 forms;

12 (7) engage with social media platforms regard-
13 ing their controls for monitoring financial advice
14 provided on their platforms; and

15 (8) engage with regulatory bodies in inter-
16 national jurisdictions regarding baseline standards
17 for the provisions of financial advice on social media.

18 (c) REPORT.—Not later than 18 months following the
19 date of enactment of this Act, the Securities and Ex-
20 change Commission shall submit a report to Congress on
21 the following:

22 (1) Legislative or regulatory changes to limit
23 the provision of unregulated investment advice
24 through social media platforms including rec-
25 ommendations to enhance investor protection when

1 impersonal investment advice is provided by individ-
2 uals that are neither registered as investment advis-
3 ers nor a supervised person of an investment ad-
4 viser.

5 (2) Compensation structures not addressed by
6 this Act used to reward social media influencers
7 when they recommend financial products.

8 (3) Conflicts of interest that arise when social
9 media influencers recommend financial products.

10 (d) SUNSET.—The Financial Influencer Task Force
11 shall terminate after the end of the 5-year period begin-
12 ning on the date of enactment of this Act.