

117TH CONGRESS
1ST SESSION

H. R. 2265

To amend the Investment Company Act of 1940 to postpone the date of payment or satisfaction upon redemption of certain securities in the case of the financial exploitation of specified adults, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2021

Mrs. WAGNER introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Investment Company Act of 1940 to postpone the date of payment or satisfaction upon redemption of certain securities in the case of the financial exploitation of specified adults, 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 “Financial Exploitation
5 Prevention Act of 2021”.

1 **SEC. 2. REDEMPTION OF CERTAIN SECURITIES POST-**
2 **PONED.**

3 (a) IN GENERAL.—Section 22 of the Investment
4 Company Act of 1940 (15 U.S.C. 80a–22) is amended by
5 adding at the end the following:

6 “(h) REDEMPTION OF CERTAIN SECURITIES POST-
7 PONED.—

8 “(1) IN GENERAL.—Notwithstanding subsection
9 (e), a registered open-end investment company or a
10 transfer agent acting on behalf of such company
11 may postpone the date of payment or satisfaction
12 upon redemption of any redeemable security in ac-
13 cordance with its terms for more than seven days
14 after the tender of such security to such company or
15 its agent designated for that purpose for redemption
16 if such company or agent reasonably believes that
17 such redemption is requested through the financial
18 exploitation of a security holder who is a specified
19 adult.

20 “(2) DURATION.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraphs (B) and (C), a registered open-
23 end investment company or a transfer agent
24 acting on behalf of such company may postpone
25 the date of payment or satisfaction upon re-
26 demption of a redeemable security under para-

1 graph (1) for a period of not more than 15
2 business days.

3 “(B) EXTENSION UPON DETERMINATION
4 OF EXPLOITATION.—The period described in
5 subparagraph (A) may be extended by an addi-
6 tional 10 business days if the registered open-
7 end investment company or a transfer agent
8 acting on behalf of such company determines
9 through an internal review that the redemption
10 described in such subparagraph is requested
11 through the financial exploitation of a security
12 holder who is a specified adult.

13 “(C) EXTENSION BY GOVERNMENT.—A
14 State regulator, administrative agency of com-
15 petent jurisdiction, or court of competent juris-
16 diction may extend the period described in sub-
17 paragraph (A).

18 “(3) SPECIFIED ADULT DEFINED.—In this sub-
19 section, the term ‘specified adult’ means—

20 “(A) an individual age 65 or older; or

21 “(B) an individual age 18 or older who a
22 registered open-end investment company or a
23 transfer agent acting on behalf of such com-
24 pany reasonably believes has a mental or phys-

1 ical impairment that renders the individual un-
2 able to protect his or her own interests.”.

3 (b) RECOMMENDATIONS.—

4 (1) IN GENERAL.—Not later than 1 year after
5 the date of the enactment of this section, the Securi-
6 ties and Exchange Commission, in consultation with
7 the entities specified in paragraph (2), shall submit
8 to Congress a report that includes recommendations
9 regarding the regulatory and legislative changes nec-
10 essary to address the financial exploitation of secu-
11 rity holders who are specified adults (as defined in
12 subsection (h)(3) of section 22 of the Investment
13 Company Act of 1940 (15 U.S.C. 80a–22), as added
14 by this section).

15 (2) CONSULTATION.—The entities specified in
16 this paragraph are as follows:

17 (A) The Commodity Futures Trading
18 Commission.

19 (B) The Director of the Bureau of Con-
20 sumer Financial Protection.

21 (C) The Financial Industry Regulatory Au-
22 thority.

23 (D) The North American Securities Ad-
24 ministrators Association.

1 (E) The Board of Governors of the Fed-
2 eral Reserve System.

3 (F) The Comptroller of the Currency.

4 (G) The Federal Deposit Insurance Cor-
5 poration.

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