

[DISCUSSION DRAFT]

118TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisors Act of 1940 with respect to the determination of violations.

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M. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisors Act of 1940 with respect to the determination of violations.

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 2024"]**.

1 **SEC. 2. DETERMINATION OF THE NUMBER OF VIOLATIONS.**

2 (a) SECURITIES ACT OF 1933.—The Securities Act  
3 of 1933 is amended—

4 (1) in section 8A(g) (15 U.S.C. 77h–1(g)), by  
5 adding at the end the following:

6 “(4) DETERMINATION OF NUMBER OF VIOLA-  
7 TIONS.—For purposes of determining the number of  
8 violations for which to impose penalties under para-  
9 graph (1), separate acts of noncompliance are a sin-  
10 gle violation when the acts are the result of—

11 “(A) a common or a substantially overlap-  
12 ping originating cause;

13 “(B) the same misstatement or omission;  
14 or

15 “(C) a continuing failure to comply.”; and

16 (2) in section 20(d) (15 U.S.C. 77t(d)), by add-  
17 ing at the end the following:

18 “(5) DETERMINATION OF NUMBER OF VIOLA-  
19 TIONS.—For purposes of determining the number of  
20 violations for which to impose penalties under para-  
21 graph (1), separate acts of noncompliance are a sin-  
22 gle violation when the acts are the result of—

23 “(A) a common or a substantially overlap-  
24 ping originating cause;

25 “(B) the same misstatement or omission;  
26 or

1 “(C) a continuing failure to comply.”.

2 (b) SECURITIES EXCHANGE ACT OF 1934.—The Se-  
3 curities Exchange Act of 1934 is amended—

4 (1) in section 21(d)(3) (15 U.S.C. 78u(d)(3)),  
5 by adding at the end the following:

6 “(E) DETERMINATION OF NUMBER OF VIOLA-  
7 TIONS.—For purposes of determining the number of  
8 violations for which to impose penalties under sub-  
9 paragraph (A)(i), separate acts of noncompliance are  
10 a single violation when the acts are the result of—

11 “(A) a common or a substantially overlap-  
12 ping originating cause;

13 “(B) the same misstatement or omission;  
14 or

15 “(C) a continuing failure to comply.”;

16 (2) in section 21B(a) (15 U.S.C. 78u–2(b)), by  
17 adding at the end the following:

18 “(3) DETERMINATION OF NUMBER OF VIOLA-  
19 TIONS, ACTS, OR OMISSIONS.—For purposes of de-  
20 termining the number of violations, acts, or omis-  
21 sions for which to impose penalties under this sub-  
22 section, separate acts of noncompliance are a single  
23 violation, act, or omission when the acts are the re-  
24 sult of—

1           “(A) a common or a substantially overlap-  
2           ping originating cause;

3           “(B) the same misstatement or omission;  
4           or

5           “(C) a continuing failure to comply.”; and

6           (3) in section 32 (15 U.S.C. 78ff), by adding at  
7           the end the following:

8           “(d) DETERMINATION OF NUMBER OF VIOLA-  
9           TIONS.—For purposes of determining the number of viola-  
10          tions for which to impose penalties under subsection (c),  
11          separate acts of noncompliance are a single violation when  
12          the acts are the result of—

13           “(1) a common or a substantially overlapping  
14           originating cause;

15           “(2) the same misstatement or omission; or

16           “(3) a continuing failure to comply.”.

17          (c) INVESTMENT COMPANY ACT OF 1940.—The In-  
18          vestment Company Act of 1940 is amended—

19           (1) in section 9(d) (15 U.S.C. 80a–9(d)), by  
20           adding at the end the following:

21           “(5) DETERMINATION OF NUMBER OF VIOLA-  
22           TIONS, ACTS, OR OMISSIONS.—For purposes of de-  
23           termining the number of violations, acts, or omis-  
24           sions for which to impose penalties under paragraph  
25           (1), separate acts of noncompliance are a single vio-

1 lation, act, or omission when the acts are the result  
2 of—

3 “(A) a common or a substantially overlap-  
4 ping originating cause;

5 “(B) the same misstatement or omission;  
6 or

7 “(C) a continuing failure to comply.”; and  
8 (2) in section 42(e) (15 U.S.C. 80a–41(e)), by  
9 adding at the end the following:

10 “(5) DETERMINATION OF NUMBER OF VIOLA-  
11 TIONS.—For purposes of determining the number of  
12 violations for which to impose penalties under para-  
13 graph (1), separate acts of noncompliance are a sin-  
14 gle violation when the acts are the result of—

15 “(A) a common or a substantially overlap-  
16 ping originating cause;

17 “(B) the same misstatement or omission;  
18 or

19 “(C) a continuing failure to comply.”.

20 (d) INVESTMENT ADVISORS ACT OF 1940.—The In-  
21 vestment Advisers Act of 1940 is amended—

22 (1) in section 203(i) (15 U.S.C. 80b–3(i)), by  
23 adding at the end the following:

24 “(5) DETERMINATION OF NUMBER OF VIOLA-  
25 TIONS, ACTS, OR OMISSIONS.—For purposes of de-

1       termining the number of violations, acts, or omis-  
2       sions for which to impose penalties under paragraph  
3       (1), separate acts of noncompliance are a single vio-  
4       lation, act, or omission when the acts are the result  
5       of—

6               “(A) a common or a substantially overlap-  
7               ping originating cause;

8               “(B) the same misstatement or omission;  
9               or

10              “(C) a continuing failure to comply.”; and  
11              (2) in section 209(e) (15 U.S.C. 80b–9(e)), by  
12       adding at the end the following:

13              “(5) DETERMINATION OF NUMBER OF VIOLA-  
14       TIONS.—For purposes of determining the number of  
15       violations for which to impose penalties under para-  
16       graph (1), separate acts of noncompliance are a sin-  
17       gle violation when the acts are the result of—

18              “(A) a common or a substantially overlap-  
19              ping originating cause;

20              “(B) the same misstatement or omission;  
21              or

22              “(C) a continuing failure to comply.”.