

HR 6695

Equitable Treatment of Investors Act

Congress: 112 (2011–2013, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: Dec 20, 2012

Current Status: Referred to the House Committee on Financial Services.

Latest Action: Referred to the House Committee on Financial Services. (Dec 20, 2012)

Official Text: <https://www.congress.gov/bill/112th-congress/house-bill/6695>

Sponsor

Name: Rep. Garrett, Scott [R-NJ-5]

Party: Republican • **State:** NJ • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred To	Dec 20, 2012

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
112 HR 757	Related bill	Mar 7, 2012: Subcommittee Hearings Held.

Equitable Treatment of Investors Act - Amends the Securities Investor Protection Act of 1970 to revise the definition of "net equity."

Bases the determination of net equity, the positions, options, and contracts of a customer reported to the customer as held by the debtor, and any indebtedness of the customer to the debtor, upon: (1) the information contained in the last statement issued by the debtor to the customer before the filing date; and (2) any additional written confirmations of the customer's positions, options, contracts, or indebtedness received after such last statement but before the filing date.

Makes an exception to this requirement when a debtor's recorders indicate a higher value. Requires determination of the customer's net equity using the debtor's books and records instead of the customer's last statement when the debtor's books and records indicate that the net value of a customer's positions, options, and contracts reported to the customer as held by the debtor, and any indebtedness of the customer to the debtor, is greater than the customer's net value as calculated on the basis specified by this Act.

Prohibits reliance on the final statement of the debtor to customer, however, if the customer: (1) knew the debtor was involved in fraudulent activity with respect to any of its customers which reasonably indicated a fraud adversely affecting a substantial number of customers; or (2) as a registered broker, dealer, or investment adviser under specified securities laws, or a person required to be so registered, knew, or should have known, that the debtor was involved in a fraudulent activity and did not notify the Securities Investor Protection Corporation (SIPC), the Securities and Exchange Commission (SEC), or law enforcement personnel.

Prohibits a trustee in bankruptcy in a liquidation proceeding from recovering any property transferred by the debtor to a customer before the filing date unless, at the time of such transfer, the customer meets the same criteria regarding actual or constructive knowledge of the debtor's involvement in fraudulent activity.

Prescribes alternative methodologies for allocation of customer property to customers by a trustee in a liquidation proceeding. Requires public notice and comment as a prerequisite to court approval of a proposed allocation methodology.

Transfers from the SIPC to the SEC authority to nominate to a court persons for appointment as trustee for the liquidation of a debtor's business and as attorney for the trustee.

Prohibits a trustee from serving in multiple liquidations if the trustee is currently serving as such under this Act for the liquidation of the business of another debtor.

Sets forth requirements for trustee and attorney compensation.

Requires the SIPC to issue quarterly public reports on its payments to the trustee, as well as all other costs in connection with the liquidation proceeding.

Prescribes the timing of: (1) SIPC advances, and (2) payments to customers.

Actions Timeline

- **Dec 20, 2012:** Introduced in House
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