

## S 1725

### Restoring Main Street Investor Protection and Confidence Act

**Congress:** 113 (2013–2015, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** Nov 19, 2013

**Current Status:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

**Latest Action:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Nov 19, 2013)

**Official Text:** <https://www.congress.gov/bill/113th-congress/senate-bill/1725>

## Sponsor

**Name:** Sen. Vitter, David [R-LA]

**Party:** Republican • **State:** LA • **Chamber:** Senate

## Cosponsors (8 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Landrieu, Mary L. [D-LA]	D · LA		Nov 19, 2013
Sen. Schumer, Charles E. [D-NY]	D · NY		Nov 19, 2013
Sen. Cochran, Thad [R-MS]	R · MS		Dec 11, 2013
Sen. Wicker, Roger F. [R-MS]	R · MS		Dec 17, 2013
Sen. Boozman, John [R-AR]	R · AR		Feb 11, 2014
Sen. Casey, Robert P., Jr. [D-PA]	D · PA		Apr 30, 2014
Sen. Pryor, Mark L. [D-AR]	D · AR		Jul 14, 2014
Sen. Nelson, Bill [D-FL]	D · FL		Jul 17, 2014

## Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Nov 19, 2013

## Subjects & Policy Tags

### Policy Area:

Finance and Financial Sector

## Related Bills

Bill	Relationship	Last Action
113 HR 3482	Identical bill	Nov 21, 2013: Hearings Held by the Subcommittee on Capital Markets and Government Sponsored Enterprises Prior to Referral.

Restoring Main Street Investor Protection and Confidence 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 records 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.

Defines as a "customer" of the debtor under such Act: (1) any person that had cash or securities that were converted or otherwise misappropriated by the debtor (or any person who controls, is controlled by, or is under common control with the debtor, if such person was operating through the debtor), irrespective of whether the debtor held or otherwise had custody, possession, or control of that cash or securities; and (2) any other person the SIPC deems a customer of the debtor.

Authorizes the SEC as well as the SIPC (as under current law) to apply for a protective decree on an SIPC member's behalf with any court of competent jurisdiction.

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

Conditions the SEC authorization to make loans to the SIPC upon an SEC determination that the SIPC is unable to borrow in the public debt markets at reasonable terms (both as to yield and maturity).

Requires the SEC to inspect SIPC members periodically to ensure that the information they provide to customers is accurate.

Requires the self-regulatory organization to which an SIPC member belongs, or in which it is a participant, to inspect or examine the member to assess its financial stability as well as ensure that the information the member provides to customers is accurate.

## **Actions Timeline**

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- **Nov 19, 2013:** Introduced in Senate
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