

## HR 5852

To amend the Securities Investor Protection Act of 1970 to confirm that a customer's net equity claim is based on the customer's last statement and that certain recoveries are prohibited, to provide the Securities and Exchange Commission with oversight of the Securities Investor Protection Corporation, and for other purposes.

**Congress:** 114 (2015–2017, Ended)

**Chamber:** House

**Policy Area:** Finance and Financial Sector

**Introduced:** Jul 14, 2016

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

**Latest Action:** Referred to the House Committee on Financial Services. (Jul 14, 2016)

**Official Text:** <https://www.congress.gov/bill/114th-congress/house-bill/5852>

### Sponsor

**Name:** Rep. Luetkemeyer, Blaine [R-MO-3]

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

### Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Maloney, Carolyn B. [D-NY-12]	D · NY		Jul 14, 2016
Rep. Sessions, Pete [R-TX-32]	R · TX		Jul 14, 2016
Rep. Graves, Garret [R-LA-6]	R · LA		Dec 12, 2016

### Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred To	Jul 14, 2016

### Subjects & Policy Tags

#### Policy Area:

Finance and Financial Sector

### Related Bills

*No related bills are listed.*

This bill amends the Securities Investor Protection Act of 1970 to revise provisions related to determining a customer's "net equity" (the dollar amount of the customer's accounts) for purposes of a claim.

In general, such a determination shall be based on: (1) the information contained in the customer's final statement, and (2) certain additional written confirmations received after the final statement but prior to the filing date. However, the bill establishes exceptions to this requirement: (1) when the debtor's records indicate a higher net value, or (2) in specified cases involving the customer's awareness of fraudulent activity by the debtor.

The bill also establishes specified methodologies for allocating a customer's property in a liquidation proceeding.

Under current law, a "customer" of a debtor is a person that has a claim on account of certain securities received, acquired, or held by the debtor. The bill expands the definition of "customer" to include a person: (1) that had cash or securities that were converted or otherwise misappropriated by the debtor, irrespective of whether the debtor held or otherwise had custody, possession, or control of such cash or securities; or (2) that is deemed a customer of the debtor by the Securities and Exchange Commission (SEC).

The SEC may direct the Securities Investor Protection Corporation (SIPC) to take necessary or appropriate action for the protection of investors.

If the balance of the SIPC Fund decreases by more than a specified amount during a fiscal year, the SIPC must establish and carry out a fund replenishment plan.

The SEC may transfer amounts from a specified fund established under the Sarbanes-Oxley Act of 2002 if the SEC determines that payments from the SIPC Fund are required because a debtor committed fraud.

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## **Actions Timeline**

- **Jul 14, 2016:** Introduced in House
- **Jul 14, 2016:** Referred to the House Committee on Financial Services.