

[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to establish a grant program to fund qualified investor advocacy clinics, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Securities Exchange Act of 1934 to establish a grant program to fund qualified investor advocacy clinics, 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 “Investor Justice Act
5 of 2021”.

1 **SEC. 2. GRANTS TO QUALIFIED INVESTOR ADVOCACY CLIN-**
2 **ICS.**

3 (a) **FUNCTIONS OF INVESTOR ADVOCATE.**—Section
4 4(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C.
5 78d(g)(4)) is amended—

6 (1) in subparagraph (D)(ii), by striking “and”
7 at the end;

8 (2) in subparagraph (E), by striking the period
9 at the end and inserting “; and”; and

10 (3) by adding at the end the following new sub-
11 paragraph:

12 “(F) administer the grant program estab-
13 lished under paragraph (9).”.

14 (b) **GRANT PROGRAM.**—Section 4(g) of the Securities
15 Exchange Act of 1934 (15 U.S.C. 78d(g)) is amended by
16 adding at the end the following new paragraph:

17 “(9) **GRANTS TO QUALIFIED INVESTOR ADVO-**
18 **CACY CLINICS.**—

19 “(A) **GRANT AUTHORITY.**—The Investor
20 Advocate may make grants, on a competitive
21 basis, to qualified investor advocacy clinics in
22 accordance with this paragraph.

23 “(B) **APPLICATIONS.**—To be eligible for a
24 grant under subparagraph (A), a qualified in-
25 vestor advocacy clinic shall submit to the Inves-
26 tor Advocate an application at such time, in

1 such form, and containing such information as
2 the Investor Advocate may require, including
3 information with respect to—

4 “(i) the number of investors in the
5 geographical area served by the clinic;

6 “(ii) other similar entities serving the
7 same population;

8 “(iii) the quality of the program of-
9 fered by the clinic, including—

10 “(I) the qualifications of the ad-
11 ministrators and qualified representa-
12 tives of the clinic; and

13 “(II) the record of the clinic, if
14 any, in providing legal and edu-
15 cational services to investors with low
16 dollar value claims in arbitrations and
17 mediations; and

18 “(iv) funding sources available to the
19 clinic, including—

20 “(I) amounts received from other
21 grants and contributions; and

22 “(II) the endowment and re-
23 sources of any institution sponsoring
24 the clinic.

1 “(C) GRANT USES.—A qualified investor
2 advocacy clinic awarded a grant under subpara-
3 graph (A) may only use grant funds for the de-
4 velopment, expansion, or continuation of the
5 qualified investor advocacy clinic.

6 “(D) TRANSPARENCY.—A qualified inves-
7 tor advocacy clinic awarded a grant under sub-
8 paragraph (A) shall submit to the Investor Ad-
9 vocate a detailed accounting of the use of grant
10 funds at such time, in such form, and con-
11 taining such information as the Investor Advo-
12 cate may require.

13 “(E) LIMITATIONS.—

14 “(i) AGGREGATE LIMITATION.—The
15 aggregate amount of grants made under
16 subparagraph (A) during a fiscal year may
17 not exceed \$5,000,000 (as such amount is
18 annually adjusted by the Investor Advocate
19 to reflect the percentage change in the
20 Consumer Price Index for All Urban Con-
21 sumers published by the Bureau of Labor
22 Statistics of the Department of Labor).

23 “(ii) SINGLE CLINIC LIMITATION.—In
24 making grants under subparagraph (A),
25 the Investor Advocate may not award, dur-

1 ing a fiscal year, more than \$150,000 (as
2 such amount is annually adjusted by the
3 Investor Advocate to reflect the percentage
4 change in the Consumer Price Index for
5 All Urban Consumers published by the Bu-
6 reau of Labor Statistics of the Department
7 of Labor) to any single qualified investor
8 advocacy clinic.

9 “(iii) FEDERAL SHARE.—The Federal
10 share of the cost of activities carried out
11 using grant funds made available under
12 subparagraph (A) may not exceed 50 per-
13 cent.

14 “(iv) MULTI-YEAR GRANTS.—

15 “(I) IN GENERAL.—In making
16 grants under subparagraph (A), the
17 Investor Advocate may award multi-
18 year grants.

19 “(II) LIMITATION.—Multi-year
20 grants awarded under this clause may
21 not be made for a period exceeding
22 three years.

23 “(F) AUTHORIZATION OF APPROPRIA-
24 TIONS.—There are authorized to be appro-

1 pried such sums as may be necessary to carry
2 out this paragraph.

3 “(G) DEFINITIONS.—In this paragraph:

4 “(i) QUALIFIED INVESTOR ADVOCACY
5 CLINIC.—The term ‘qualified investor ad-
6 vocacy clinic’ means an entity—

7 “(I) that provides or will provide
8 free representation to investors with
9 claims of less than \$100,000 (as such
10 amount is annually adjusted by the
11 Investor Advocate to reflect the per-
12 centage change in the Consumer Price
13 Index for All Urban Consumers pub-
14 lished by the Bureau of Labor Statis-
15 tics of the Department of Labor) in
16 securities arbitrations and mediations
17 before a registered national securities
18 association (with exceptions to the re-
19 quirements of this subclause author-
20 ized to be made by the Investor Advo-
21 cate on a case-by-case basis); and

22 “(II) that is or will be sponsored,
23 offered, or run by—

24 “(aa) a clinical program at
25 or partnering with an American

1 Bar Association accredited law
2 school; or

3 “(bb) an organization de-
4 scribed in section 501(c) of the
5 Internal Revenue Code of 1986
6 and exempt from tax under sec-
7 tion 501(a) of such Code.

8 “(ii) QUALIFIED REPRESENTATIVE.—
9 The term ‘qualified representative’ means
10 any individual authorized to represent in-
11 vestors before a registered national securi-
12 ties association.”.