

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2478
OFFERED BY MRS. WAGNER OF MISSOURI

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Financial Exploitation
3 Prevention Act of 2025”.

4 SEC. 2. REDEMPTION OF CERTAIN SECURITIES POST-
5 PONED.

6 (a) IN GENERAL.—Section 22 of the Investment
7 Company Act of 1940 (15 U.S.C. 80a–22) is amended by
8 adding at the end the following:

9 “(h) REQUIREMENTS WITH RESPECT TO NON-INSTI-
10 TUTIONAL DIRECT AT-FUND ACCOUNTS.—

11 “(1) ELECTION.—

12 “(A) IN GENERAL.—A registered open-end
13 investment company and a transfer agent de-
14 scribed under paragraph (2) may elect to com-
15 ply with the requirements under paragraph (2)
16 and subsection (i) by notifying the Commission
17 of such election.

1 “(B) EFFECT OF ELECTION.—Paragraph
2 (2) and subsection (i) shall only apply to a reg-
3 istered open-end investment company and a
4 transfer agent that have made the election
5 under subparagraph (A).

6 “(2) REQUIREMENTS.—In the case of a cus-
7 tomer who is a holder of a non-institutional account
8 held directly with a registered open-end investment
9 company and serviced by a transfer agent (a ‘direct-
10 at-fund account’), the company and transfer agent
11 shall—

12 “(A) request from such customer the name
13 and contact information of at least one indi-
14 vidual who—

15 “(i) is at the time of such request an
16 adult; and

17 “(ii) may be contacted with respect to
18 such account;

19 “(B) document and retain the information
20 received pursuant to subparagraph (A); and

21 “(C) disclose to such customer in writing
22 (including through electronic delivery) that such
23 company or transfer agent may contact an indi-
24 vidual specified pursuant to subparagraph (A)

1 with respect to the account of such customer
2 to—

3 “(i) address possible financial exploi-
4 tation of such customer;

5 “(ii) confirm the contact information
6 or health status of the customer; or

7 “(iii) identify any legal guardian, ex-
8 ecutor, trustee, or holder of a power of at-
9 torney of the customer.

10 “(i) REDEMPTION OF CERTAIN SECURITIES POST-
11 PONED.—

12 “(1) IN GENERAL.—Notwithstanding subsection
13 (e), a registered open-end investment company or a
14 transfer agent acting on behalf of such company
15 may postpone the date of payment or satisfaction
16 upon redemption of any redeemable security in ac-
17 cordance with its terms for more than seven days
18 after the tender of such security to such company or
19 its agent designated for that purpose for redemption
20 if such company or agent reasonably believes that—

21 “(A) the redemption is requested by a se-
22 curity holder who is a specified adult; and

23 “(B) financial exploitation has occurred, is
24 occurring, or has been attempted with respect
25 to such redemption.

1 “(2) DURATION.—

2 “(A) IN GENERAL.—Except as provided in
3 subparagraphs (B) and (C), a registered open-
4 end investment company or a transfer agent
5 acting on behalf of such company may postpone
6 the date of payment or satisfaction upon re-
7 demption of a redeemable security under para-
8 graph (1) for a period of not more than 15
9 business days.

10 “(B) EXTENSION UPON DETERMINATION
11 OF EXPLOITATION.—The period described in
12 subparagraph (A) may be extended by an addi-
13 tional 10 business days if the registered open-
14 end investment company or a transfer agent
15 acting on behalf of such company—

16 “(i) reasonably believes that—

17 “(I) the redemption is requested
18 by a security holder who is a specified
19 adult; and

20 “(II) financial exploitation has
21 occurred, is occurring, or has been at-
22 tempted with respect to such redemp-
23 tion;

24 “(ii) subject to subparagraph (D), not
25 later than 2 days after making a deter-

1 mination under clause (i), notifies the indi-
2 viduals specified by such security holder
3 under subsection (h)(2)(A) in writing (in-
4 cluding through electronic delivery) of the
5 extension of the period described in sub-
6 paragraph (A) under this subparagraph
7 and the reason for such extension;

8 “(iii) initiates an internal review of
9 the facts and circumstances relating to the
10 determination under clause (i);

11 “(iv) holds amounts related to the de-
12 layed payment or satisfaction upon re-
13 demption of the redeemable security in a
14 demand deposit account; and

15 “(v) documents and retains records
16 related to carrying out clause (iv) and in-
17 cludes such records in the first required
18 account statement of the security holder
19 provided after the date on which the deter-
20 mination is made under clause (i).

21 “(C) EXTENSION BY GOVERNMENT.—A
22 State regulator, administrative agency of com-
23 petent jurisdiction, or court of competent juris-
24 diction may extend the period described in sub-
25 paragraph (A).

1 “(D) NOTIFICATION.—

2 “(i) EXCEPTION.—Subparagraph
3 (B)(ii) shall not apply if a registered open-
4 end investment company or transfer agent
5 acting on behalf of such company reason-
6 ably believes that an individual required to
7 be notified under such subparagraph is,
8 has been, or will subject the security holder
9 who identified such individual under sub-
10 section (h)(2)(A) to financial exploitation.

11 “(ii) REASONABLE EFFORTS.—An
12 open-end investment company or transfer
13 agent acting on behalf of such company
14 shall be considered in compliance with sub-
15 paragraph (B)(ii) if such company or
16 transfer agent makes a reasonable effort to
17 contact the individuals specified by a secu-
18 rity holder under subsection (h)(2)(A).

19 “(E) INTERNAL PROCEDURES.—An open-
20 end investment company or transfer agent act-
21 ing on behalf of such company shall establish
22 procedures to carry out the requirements under
23 this subsection, including procedures—

1 “(i) related to the identification and
2 reporting of matters related to the finan-
3 cial exploitation of specified adults;

4 “(ii) to determine whether to release
5 or reinvest delayed redemption proceeds,
6 taking into account the facts and cir-
7 cumstances of each case, should the inter-
8 nal review under subparagraph (B)(iii)
9 support the reasonable belief described in
10 subparagraph (B)(i);

11 “(iii) identifying each employee of the
12 company or transfer agent with authority
13 to establish, extend, or terminate a period
14 described in paragraph (1) or subpara-
15 graph (A);

16 “(iv) in the case of a transfer agent,
17 that are reasonably designed to ensure that
18 the employees of such transfer agent com-
19 ply with this subsection; and

20 “(v) in the case of an open-end invest-
21 ment company, establishing periodic re-
22 porting requirements under which a trans-
23 fer agent acting on behalf of such company
24 shall notify such company of—

1 “(I) each extension under sub-
2 paragraph (B) authorized by such
3 transfer agent;

4 “(II) each finding by the transfer
5 agent under subparagraph (B)(i);

6 “(III) each notification under
7 subparagraph (B)(ii) carried out by
8 such transfer agent; and

9 “(IV) the results of each internal
10 review initiated by the transfer agent
11 under subparagraph (B)(iii).

12 “(F) INFORMATION INCLUDED IN CERTAIN
13 STATEMENTS.—An open-end investment com-
14 pany shall include in each prospectus or state-
15 ment of additional information a notification
16 that the company or transfer agent acting on
17 behalf of such company may postpone redemp-
18 tion of certain securities under this subsection.

19 “(G) RECORD RETENTION.—An open-end
20 investment company or transfer agent acting on
21 behalf of such company shall—

22 “(i) document and retain records of—
23 “(I) each postponement of re-
24 demption under subparagraph (A),
25 (B), and (C);

1 “(II) each finding under subpara-
2 graph (B)(i);

3 “(III) the name and position of
4 each employee described in subpara-
5 graph (E)(iii);

6 “(IV) each notification carried
7 out under subparagraph (B)(ii); and

8 “(V) the results of each internal
9 review initiated under subparagraph
10 (B)(iii); and

11 “(ii) make such records available to
12 the Commission at the request of the Com-
13 mission.

14 “(3) SPECIFIED ADULT DEFINED.—In this sub-
15 section, the term ‘specified adult’ means—

16 “(A) an individual age 65 or older; or

17 “(B) an individual age 18 or older who a
18 registered open-end investment company or a
19 transfer agent acting on behalf of such com-
20 pany reasonably believes has a mental or phys-
21 ical impairment that renders the individual un-
22 able to protect the individual’s own interests.”.

23 (b) REGULATORY AND LEGISLATIVE RECOMMENDA-
24 TIONS.—

1 (1) IN GENERAL.—Not later than 1 year after
2 the date of the enactment of this section, the Securi-
3 ties and Exchange Commission, in consultation with
4 the entities specified in paragraph (2), shall submit
5 to Congress a report that includes recommendations
6 regarding the regulatory and legislative changes nec-
7 essary to address the financial exploitation of secu-
8 rity holders who are specified adults (as defined in
9 subsection (i)(3) of section 22 of the Investment
10 Company Act of 1940 (15 U.S.C. 80a–22), as added
11 by this section).

12 (2) CONSULTATION.—The entities specified in
13 this paragraph are as follows:

14 (A) The Commodity Futures Trading
15 Commission.

16 (B) The Director of the Bureau of Con-
17 sumer Financial Protection.

18 (C) The Financial Industry Regulatory Au-
19 thority.

20 (D) The North American Securities Ad-
21 ministrators Association.

22 (E) The Board of Governors of the Fed-
23 eral Reserve System.

24 (F) The Comptroller of the Currency.

1 (G) The Federal Deposit Insurance Cor-
2 poration.

