

[DISCUSSION DRAFT]

117TH CONGRESS
2^D SESSION

H. R. _____

To amend the Federal securities laws to prohibit certain investments in Russia- and Belarus-related securities during the invasion of Ukraine, 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 Federal securities laws to prohibit certain investments in Russia- and Belarus-related securities during the invasion of Ukraine, 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 “No More American
5 Capital for Russia and Belarus Act of 2022”.

1 **SEC. 2. INVESTMENT COMPANIES PROHIBITED FROM PUR-**
2 **CHASING RUSSIA- AND BELARUS-RELATED**
3 **SECURITIES.**

4 The Investment Company Act of 1940 (15 U.S.C.
5 80a–1 et seq.) is amended by adding at the end the fol-
6 lowing:

7 **“SEC. 66. INVESTMENT COMPANIES PROHIBITED FROM**
8 **PURCHASING RUSSIA- AND BELARUS-RE-**
9 **LATED SECURITIES.**

10 “(a) PROHIBITION.—It shall be unlawful for an in-
11 vestment company to purchase a Russia-related security
12 or a Belarus-related security.

13 “(b) DEFINITIONS.—In this section:

14 “(1) BELARUS-RELATED SECURITY.—The term
15 ‘Belarus-related security’ means a security, without
16 regard to the currency in which the security is de-
17 nominated, issued by—

18 “(A) a company domiciled in Belarus; or

19 “(B) a company or entity that is predomi-
20 nately owned or controlled by—

21 “(i) a company described in subpara-
22 graph (A); or

23 “(ii) the government of Belarus, in-
24 cluding any agency, instrumentality, or po-
25 litical subdivision thereof, or any person

1 affiliated with such government, agency,
2 instrumentality, or political subdivision.

3 “(2) RUSSIA-RELATED SECURITY.—The term
4 ‘Russia-related security’ means a security, without
5 regard to the currency in which the security is de-
6 nominated, issued by—

7 “(A) a company domiciled in Russia; or

8 “(B) a company or entity that is predomi-
9 nately owned or controlled by—

10 “(i) a company described in subpara-
11 graph (A); or

12 “(ii) the government of Russia, in-
13 cluding any agency, instrumentality, or po-
14 litical subdivision thereof, or any person
15 affiliated with such government, agency,
16 instrumentality, or political subdivision.

17 “(c) WAIVER.—The Secretary of the Treasury may
18 waive subsection (a) if the Secretary determines that such
19 a waiver is in the national security interests of the United
20 States or is necessary on humanitarian grounds.

21 “(d) GOOD FAITH SAFE HARBOR.—The Commission
22 may not bring an enforcement action against any person
23 that inadvertently fails to comply with the requirements
24 of this section but otherwise operates in good faith to try
25 to comply with such requirements.

1 “(e) TERMINATION.—This section shall have no force
2 or effect on the earlier of—

3 “(1) the date that is 7 years after the date of
4 the enactment of this section; or

5 “(2) 30 days after the date that the President
6 reports to the Congress that the governments of the
7 Russian Federation and Belarus have ceased desta-
8 bilizing activities with respect to the sovereignty and
9 territorial integrity of Ukraine.”.

10 **SEC. 3. PROHIBITION ON INVESTMENTS IN RUSSIA- AND**
11 **BELARUS-RELATED SECURITIES.**

12 (a) INVESTMENT ADVISERS.—Section 206 of the In-
13 vestment Advisers Act of 1940 (15 U.S.C. 80b–6) is
14 amended—

15 (1) by striking “It shall be unlawful” and in-
16 serting the following:

17 “(a) IN GENERAL.—It shall be unlawful”;

18 (2) by inserting “(or, solely with respect to
19 paragraph (5), a Family Office)” after “any invest-
20 ment adviser”;

21 (3) in paragraph (3), by striking “or” at the
22 end;

23 (4) in paragraph (4), by striking the period at
24 the end and inserting “; or”;

1 (5) by inserting after paragraph (4) the fol-
2 lowing:

3 “(5) to facilitate the transaction of, or rec-
4 ommend, a Russia-related security or a Belarus-re-
5 lated security.”; and

6 (6) by adding at the end the following:

7 “(b) DEFINITIONS.—In this section:

8 “(1) BELARUS-RELATED SECURITY.—The term
9 ‘Belarus-related security’ means a security, without
10 regard to the currency in which the security is de-
11 nominated, issued by—

12 “(A) a company domiciled in Belarus; or

13 “(B) a company or entity that is predomi-
14 nately owned or controlled by—

15 “(i) a company described in clause (i);

16 or

17 “(ii) the government of Belarus, in-
18 cluding any agency, instrumentality, or po-
19 litical subdivision thereof, or any person
20 affiliated with such government, agency,
21 instrumentality, or political subdivision.

22 “(2) RUSSIA-RELATED SECURITY.—The term
23 ‘Russia-related security’ means a security, without
24 regard to the currency in which the security is de-
25 nominated, issued by—

1 “(A) a company domiciled in Russia; or

2 “(B) a company or entity that is predomi-
3 nately owned or controlled by—

4 “(i) a company described in clause (i);

5 or

6 “(ii) the government of Russia, in-
7 cluding any agency, instrumentality, or po-
8 litical subdivision thereof, or any person
9 affiliated with such government, agency,
10 instrumentality, or political subdivision.”.

11 (b) WAIVER.—The Secretary of the Treasury may
12 waive the amendments made by subsection (a) if the Sec-
13 retary determines that such a waiver is in the national
14 security interests of the United States or is necessary on
15 humanitarian grounds.

16 (c) GOOD FAITH SAFE HARBOR.—The Commission
17 may not bring an enforcement action against any person
18 that inadvertently fails to comply with the requirements
19 of the amendments made by subsection (a) but otherwise
20 operates in good faith to try to comply with such require-
21 ments.

22 (d) TERMINATION.—This section shall have no force
23 or effect on the earlier of—

24 (1) the date that is 7 years after the date of the
25 enactment of this section; or

1 (2) 30 days after the date that the President
2 reports to the Congress that the governments of the
3 Russian Federation and Belarus have ceased desta-
4 bilizing activities with respect to the sovereignty and
5 territorial integrity of Ukraine.

6 **SEC. 4. PROHIBITION ON THE USE OF EXEMPT OFFERINGS**
7 **FOR RUSSIA- AND BELARUS-RELATED SECURITIES.**
8 **RITIES.**

9 The Securities Act of 1933 (15 U.S.C. 77a et seq.)
10 is amended by inserting after section 4A the following:

11 **“SEC. 4B. PROHIBITION ON THE USE OF EXEMPT OFFER-**
12 **INGS FOR RUSSIA- AND BELARUS-RELATED**
13 **SECURITIES.**

14 “(a) IN GENERAL.—It shall be unlawful for any per-
15 son to issue Russia-related securities or Belarus-related
16 securities in reliance on a covered exemption.

17 “(b) DEFINITIONS.—In this section:

18 “(1) COVERED EXEMPTION.—The term ‘covered
19 exemption’ means—

20 “(A) section 3(a)(11);

21 “(B) paragraphs (2) and (6) of section
22 4(a);

23 “(C) Regulation A (17 CFR 230.263);

24 “(D) Rule 147 (17 CFR 230.147);

25 “(E) Rule 147A (17 CFR 147A);

1 “(F) Rule 504 (17 CFR 230.504);

2 “(G) Rule 506(b) (17 CFR 230.506(b));

3 “(H) Rule 506(c) (17 CFR 230.506(c));

4 and

5 “(I) any other provision of the securities
6 laws, and any other regulation issued pursuant
7 to the securities laws, that the Commission de-
8 termines grants an exemption from registering
9 a security with the Commission.

10 “(2) BELARUS-RELATED SECURITY.—The term
11 ‘Belarus-related security’ means a security, without
12 regard to the currency in which the security is de-
13 nominated, issued by—

14 “(A) a company domiciled in Belarus; or

15 “(B) a company or entity that is predomi-
16 nately owned or controlled by—

17 “(i) a company described in subpara-
18 graph (A); or

19 “(ii) the government of Belarus, in-
20 cluding any agency, instrumentality, or po-
21 litical subdivision thereof, or any person
22 affiliated with such government, agency,
23 instrumentality, or political subdivision.

24 “(3) RUSSIA-RELATED SECURITY.—The term
25 ‘Russia-related security’ means a security, without

1 regard to the currency in which the security is de-
2 nominated, issued by—

3 “(A) a company domiciled in Russia; or

4 “(B) a company or entity that is predomi-
5 nately owned or controlled by—

6 “(i) a company described in subpara-
7 graph (A); or

8 “(ii) the government of Russia, in-
9 cluding any agency, instrumentality, or po-
10 litical subdivision thereof, or any person
11 affiliated with such government, agency,
12 instrumentality, or political subdivision.

13 “(c) WAIVER.—The Secretary of the Treasury may
14 waive subsection (a) if the Secretary determines that such
15 a waiver is in the national security interests of the United
16 States or is necessary on humanitarian grounds.

17 “(d) GOOD FAITH SAFE HARBOR.—The Commission
18 may not bring an enforcement action against any person
19 that inadvertently fails to comply with the requirements
20 of this section but otherwise operates in good faith to try
21 to comply with such requirements.

22 “(e) TERMINATION.—This section shall have no force
23 or effect on the earlier of—

24 “(1) the date that is 7 years after the date of
25 the enactment of this section; or

1 “(2) 30 days after the date that the President
2 reports to the Congress that the governments of the
3 Russian Federation and Belarus have ceased desta-
4 bilizing activities with respect to the sovereignty and
5 territorial integrity of Ukraine.”.

6 **SEC. 5. PROHIBITION WITH RESPECT TO RUSSIA- AND**
7 **BELARUS-RELATED UNREGISTERED SECURI-**
8 **TIES.**

9 The Securities Act of 1933 (15 U.S.C. 77a et seq.)
10 is amended by inserting after section 4A the following:

11 **“SEC. 4B. PROHIBITION WITH RESPECT TO RUSSIA- AND**
12 **BELARUS-RELATED UNREGISTERED SECURI-**
13 **TIES.**

14 “(a) IN GENERAL.—A broker, dealer, investment ad-
15 viser, or investment company may not recommend, facili-
16 tate, or transact any investment in a Russia-related unreg-
17 istered security or a Belarus-related unregistered security.

18 “(b) DEFINITIONS.—In this section:

19 “(1) BELARUS-RELATED SECURITY.—The term
20 ‘Belarus-related security’ means a security, without
21 regard to the currency in which the security is de-
22 nominated, issued by—

23 “(A) a company domiciled in Belarus; or

24 “(B) a company or entity that is predomi-
25 nately owned or controlled by—

1 “(i) a company described in subpara-
2 graph (A); or

3 “(ii) the government of Belarus, in-
4 cluding any agency, instrumentality, or po-
5 litical subdivision thereof, or any person
6 affiliated with such government, agency,
7 instrumentality, or political subdivision.

8 “(2) BELARUS-RELATED UNREGISTERED SECU-
9 RITY.—The term ‘Belarus-related unregis-
10 tered security’ means an unregistered secu-
11 rity, without regard to the currency in which the unregistered security is
12 denominated, issued by—

13 “(A) a company described in subparagraph
14 (A) or (B) of paragraph (1); or

15 “(B) a company or entity that—

16 “(i) is not domiciled in Belarus; and

17 “(ii) predominantly invests in
18 Belarus-related securities or companies or
19 entities described under this subparagraph.

20 “(3) RUSSIA-RELATED SECURITY.—The term
21 ‘Russia-related security’ means a security, without
22 regard to the currency in which the security is de-
23 nominated, issued by—

24 “(A) a company domiciled in Russia; or

1 “(B) a company or entity that is predomi-
2 nately owned or controlled by—

3 “(i) a company described in subpara-
4 graph (A); or

5 “(ii) the government of Russia, in-
6 cluding any agency, instrumentality, or po-
7 litical subdivision thereof, or any person
8 affiliated with such government, agency,
9 instrumentality, or political subdivision.

10 “(4) RUSSIA-RELATED UNREGISTERED SECUR-
11 RITY.—The term ‘Russia-related unregistered secu-
12 rity’ means an unregistered security, without regard
13 to the currency in which the unregistered security is
14 denominated, issued by—

15 “(A) a company described in subparagraph
16 (A) or (B) of paragraph (3); or

17 “(B) a company or entity that—

18 “(i) is not domiciled in Russia; and

19 “(ii) predominantly invests in Russia-
20 related securities or companies or entities
21 described under this subparagraph.

22 “(c) WAIVER.—The Secretary of the Treasury may
23 waive subsection (a) if the Secretary determines that such
24 a waiver is in the national security interests of the United
25 States or is necessary on humanitarian grounds.

1 “(d) GOOD FAITH SAFE HARBOR.—The Commission
2 may not bring an enforcement action against any person
3 that inadvertently fails to comply with the requirements
4 of this section but otherwise operates in good faith to try
5 to comply with such requirements.

6 “(e) TERMINATION.—This section shall have no force
7 or effect on the earlier of—

8 “(1) the date that is 7 years after the date of
9 the enactment of this section; or

10 “(2) 30 days after the date that the President
11 reports to the Congress that the governments of the
12 Russian Federation and Belarus have ceased desta-
13 bilizing activities with respect to the sovereignty and
14 territorial integrity of Ukraine.”.

15 **SEC. 6. PROHIBITIONS WITH RESPECT TO RUSSIA- AND**
16 **BELARUS-RELATED SECURITIES.**

17 Section 15 of the Securities Exchange Act of 1934
18 (15 U.S.C. 78o) is amended by adding at the end the fol-
19 lowing:

20 “(p) PROHIBITIONS WITH RESPECT TO RUSSIA- AND
21 BELARUS-RELATED SECURITIES.—

22 “(1) PROHIBITION.—It shall be unlawful for a
23 broker or dealer to underwrite, recommend, transact
24 with respect to, or facilitate the acquisition or merg-

1 er of, a Russia-related security or a Belarus-related
2 security.

3 “(2) DEFINITIONS.—In this subsection:

4 “(A) BELARUS-RELATED SECURITY.—The
5 term ‘Belarus-related security’ means a secu-
6 rity, without regard to the currency in which
7 the security is denominated, issued by—

8 “(i) a company domiciled in Belarus;
9 or

10 “(ii) a company or entity that is pre-
11 dominately owned or controlled by—

12 “(I) a company described in
13 clause (i); or

14 “(II) the government of Belarus,
15 including any agency, instrumentality,
16 or political subdivision thereof, or any
17 person affiliated with such govern-
18 ment, agency, instrumentality, or po-
19 litical subdivision.

20 “(B) RUSSIA-RELATED SECURITY.—The
21 term ‘Russia-related security’ means a security,
22 without regard to the currency in which the se-
23 curity is denominated, issued by—

24 “(i) a company domiciled in Russia;
25 or

1 “(ii) a company or entity that is pre-
2 dominately owned or controlled by—

3 “(I) a company described in
4 clause (i); or

5 “(II) the government of Russia,
6 including any agency, instrumentality,
7 or political subdivision thereof, or any
8 person affiliated with such govern-
9 ment, agency, instrumentality, or po-
10 litical subdivision.

11 “(3) WAIVER.—The Secretary of the Treasury
12 may waive paragraph (1) if the Secretary determines
13 that such a waiver is in the national security inter-
14 ests of the United States or is necessary on humani-
15 tarian grounds.

16 “(4) GOOD FAITH SAFE HARBOR.—The Com-
17 mission may not bring an enforcement action
18 against any person that inadvertently fails to comply
19 with the requirements of this subsection but other-
20 wise operates in good faith to try to comply with
21 such requirements.

22 “(5) TERMINATION.—This subsection shall
23 have no force or effect on the earlier of—

24 “(A) the date that is 7 years after the date
25 of the enactment of this section; or

1 “(B) 30 days after the date that the Presi-
2 dent reports to the Congress that the govern-
3 ments of the Russian Federation and Belarus
4 have ceased destabilizing activities with respect
5 to the sovereignty and territorial integrity of
6 Ukraine.”.