



117TH CONGRESS  
1ST SESSION

# H. R. \_\_\_\_\_

To require the Securities and Exchange Commission to carry out a study on payment for order flow, to require the Investor Advocate of the Commission to provide recommendations on payment for order flow, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

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

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# A BILL

To require the Securities and Exchange Commission to carry out a study on payment for order flow, to require the Investor Advocate of the Commission to provide recommendations on payment for order flow, 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 “[To be added Act of  
5 2021]”.

1 **SEC. 2. STUDIES AND REPORTS.**

2 (a) IN GENERAL.—The Securities and Exchange  
3 Commission shall carry out a study on payment for order  
4 flow received by brokerage firms for routing customer or-  
5 ders to market centers, including wholesale brokerages, al-  
6 ternative trading systems, internalizers, and exchanges,  
7 including—

8 (1) payment for order flow arrangements;

9 (2) conflicts arising from these payment ar-  
10 rangements;

11 (3) the extent to which execution prices for bro-  
12 kerage firm customers are reflective of the best  
13 available market price;

14 (4) the impact of payment for order flow ar-  
15 rangements on customer trade execution quality;

16 (5) steps firms are taking to mitigate or elimi-  
17 nate conflicts stemming from these arrangements;

18 (6) how brokerage firms disclose payment for  
19 order flow to customers;

20 (7) whether customers understand the dislo-  
21 sures provided by brokerage firms regarding pay-  
22 ment for order flow;

23 (8) the disclosure requirements pursuant to  
24 Rule 606 of Regulation NMS (17 C.F.R. 242.606);

25 (9) whether firms are adequately disclosing pay-  
26 ment for order flow on Form CRS;

1           (10) steps brokerage firms are taking, if any, to  
2           limit how market centers use the brokerage firms'  
3           customer's data; and

4           (11) the extent to which brokers are surveying  
5           different market centers for best prices prior to  
6           routing specific customer orders.

7           (b) REPORT.—Not later than the end of the 180-day  
8           period beginning on the date of enactment of this Act, the  
9           Commission shall issue a report to the Congress con-  
10          taining all findings and determinations made in carrying  
11          out the study required under subsection (a).

12          (c) RULEMAKING.—Not later than 18 months after  
13          the date of enactment of this Act, the Securities and Ex-  
14          change Commission shall issue rules, subject to notice and  
15          comment, to revise its rules consistent with the results of  
16          such study, including, if warranted, to prohibit or limit  
17          the payment for order flow.

18          (d) CLARIFICATION OF AUTHORITY.—The Commis-  
19          sion may issue rules to regulate, limit, or prohibit the pay-  
20          ment for order flow before the completion of the study re-  
21          quired under this section, if the Commission finds such  
22          a rule is necessary or appropriate in the public interest  
23          or for the protection of investors.