

**[DISCUSSION DRAFT]**

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R.** \_\_\_\_\_

To amend the Securities and Exchange Act of 1934 with respect to the authority of the Securities and Exchange Commission to seek disgorgement, 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 amend the Securities and Exchange Act of 1934 with respect to the authority of the Securities and Exchange Commission to seek disgorgement, 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 **[“\_\_\_\_\_ Act of 2024”]**.

5 **SEC. 2. DISGORGEMENT.**

6 Section 21(d)(7) of the Securities Exchange Act of  
7 1934 (15 U.S.C. 78u(d)(7)) is amended to read as follows:

1 “(7) DISGORGEMENT.—

2 “(A) IN GENERAL.—In any action or pro-  
3 ceeding brought by the Commission against a  
4 person for a violation of the securities laws, the  
5 Commission may seek, and any Federal court  
6 may order—

7 “(i) disgorgement of any unjust en-  
8 richment received by the person from com-  
9 mitting such violation; and

10 “(ii) that the disgorged funds be—

11 “(I) awarded to victims of such  
12 violation; or

13 “(II) if it is not cost effective or  
14 feasible to return funds to the victims  
15 of such violation, deposited into the  
16 Securities and Exchange Commission  
17 Investor Protection Fund.

18 “(B) UNJUST ENRICHMENT.—For pur-  
19 poses of this paragraph, with respect to a per-  
20 son that commits a violation of the securities  
21 laws, unjust enrichment shall not include prof-  
22 its from a violation that another person re-  
23 ceived.

24 “(C) CALCULATION OF DISGORGEMENT  
25 AMOUNT.—The amount of a disgorgement in

1 connection with a violation of the securities  
2 laws described under subparagraph (A) shall be  
3 the net profit of the person from committing  
4 such violation, which shall be calculated by tak-  
5 ing the profit received by the person from com-  
6 mitting of such violation and deducting legiti-  
7 mate expenses (which shall not include expenses  
8 incurred directly in the commission of the viola-  
9 tion).

10 “(D) RULES APPLICABLE TO ALL  
11 DISGORGEMENTS.—The requirements of this  
12 paragraph shall apply to any disgorgement im-  
13 posed by the Commission, whether directly or  
14 through court order.”.