

Union Calendar No. 313

119TH CONGRESS
1ST SESSION**H. R. 2478****[Report No. 119-361]**

To amend the Investment Company Act of 1940 to postpone the date of payment or satisfaction upon redemption of certain securities in the case of the financial exploitation of specified adults, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2025

Mrs. WAGNER (for herself, Mr. GOTTHEIMER, Mr. GARBARINO, Mr. STEIL, Mrs. KIM, Ms. PEREZ, and Mr. LAWLER) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 4, 2025

Additional sponsors: Mr. HUIZENGA, Mr. VINDMAN, Mr. FIELDS, Mr. SESSIONS, and Mr. NUNN of Iowa

NOVEMBER 4, 2025

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 27, 2025]

A BILL

To amend the Investment Company Act of 1940 to postpone the date of payment or satisfaction upon redemption of certain securities in the case of the financial exploitation of specified adults, 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 “Financial Exploitation*
 5 *Prevention Act of 2025”.*

6 **SEC. 2. REDEMPTION OF CERTAIN SECURITIES POST-**
 7 **PONED.**

8 *(a) IN GENERAL.—Section 22 of the Investment Com-*
 9 *pany Act of 1940 (15 U.S.C. 80a–22) is amended by adding*
 10 *at the end the following:*

11 *“(h) REQUIREMENTS WITH RESPECT TO NON-INSTI-*
 12 *TUTIONAL DIRECT AT-FUND ACCOUNTS.—*

13 *“(1) ELECTION.—*

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

20 *“(B) EFFECT OF ELECTION.—Paragraph*
 21 *(2) and subsection (i) shall only apply to a reg-*
 22 *istered open-end investment company and a*
 23 *transfer agent that have made the election under*
 24 *subparagraph (A).*

1 “(2) *REQUIREMENTS.*—*In the case of a customer*
2 *who is a holder of a non-institutional account held*
3 *directly with a registered open-end investment com-*
4 *pany and serviced by a transfer agent (a ‘direct-at-*
5 *fund account’), the company and transfer agent*
6 *shall—*

7 “(A) *request from such customer the name*
8 *and contact information of at least one indi-*
9 *vidual who—*

10 “(i) *is at the time of such request an*
11 *adult; and*

12 “(ii) *may be contacted with respect to*
13 *such account;*

14 “(B) *document and retain the information*
15 *received pursuant to subparagraph (A); and*

16 “(C) *disclose to such customer in writing*
17 *(including through electronic delivery) that such*
18 *company or transfer agent may contact an indi-*
19 *vidual specified pursuant to subparagraph (A)*
20 *with respect to the account of such customer to—*

21 “(i) *address possible financial exploi-*
22 *tation of such customer;*

23 “(ii) *confirm the contact information*
24 *or health status of the customer; or*

1 “(iii) identify any legal guardian, ex-
2 ecutor, trustee, or holder of a power of attor-
3 ney of the customer.

4 “(i) REDEMPTION OF CERTAIN SECURITIES POST-
5 PONED.—

6 “(1) IN GENERAL.—Notwithstanding subsection
7 (e), a registered open-end investment company or a
8 transfer agent acting on behalf of such company may
9 postpone the date of payment or satisfaction upon re-
10 demption of any redeemable security in accordance
11 with its terms for more than seven days after the ten-
12 der of such security to such company or its agent des-
13 ignated for that purpose for redemption if such com-
14 pany or agent reasonably believes that—

15 “(A) the redemption is requested by a secu-
16 rity holder who is a specified adult; and

17 “(B) financial exploitation has occurred, is
18 occurring, or has been attempted with respect to
19 such redemption.

20 “(2) DURATION.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraphs (B) and (C), a registered open-
23 end investment company or a transfer agent act-
24 ing on behalf of such company may postpone the
25 date of payment or satisfaction upon redemption

1 *of a redeemable security under paragraph (1) for*
2 *a period of not more than 15 business days.*

3 “(B) *EXTENSION UPON DETERMINATION OF*
4 *EXPLOITATION.—The period described in sub-*
5 *paragraph (A) may be extended by an addi-*
6 *tional 10 business days if the registered open-end*
7 *investment company or a transfer agent acting*
8 *on behalf of such company—*

9 “(i) *reasonably believes that—*

10 “(I) *the redemption is requested*
11 *by a security holder who is a specified*
12 *adult; and*

13 “(II) *financial exploitation has*
14 *occurred, is occurring, or has been at-*
15 *tempted with respect to such redemp-*
16 *tion;*

17 “(ii) *subject to subparagraph (D), not*
18 *later than 2 days after making a deter-*
19 *mination under clause (i), notifies the indi-*
20 *viduals specified by such security holder*
21 *under subsection (h)(2)(A) in writing (in-*
22 *cluding through electronic delivery) of the*
23 *extension of the period described in sub-*
24 *paragraph (A) under this subparagraph*
25 *and the reason for such extension;*

1 “(iii) initiates an internal review of
2 the facts and circumstances relating to the
3 determination under clause (i);

4 “(iv) holds amounts related to the de-
5 layed payment or satisfaction upon redemp-
6 tion of the redeemable security in a demand
7 deposit account; and

8 “(v) documents and retains records re-
9 lated to carrying out clause (iv) and in-
10 cludes such records in the first required ac-
11 count statement of the security holder pro-
12 vided after the date on which the determina-
13 tion is made under clause (i).

14 “(C) *EXTENSION BY GOVERNMENT.*—A
15 State regulator, administrative agency of com-
16 petent jurisdiction, or court of competent juris-
17 diction may extend the period described in sub-
18 paragraph (A).

19 “(D) *NOTIFICATION.*—

20 “(i) *EXCEPTION.*—Subparagraph
21 (B)(ii) shall not apply if a registered open-
22 end investment company or transfer agent
23 acting on behalf of such company reason-
24 ably believes that an individual required to
25 be notified under such subparagraph is, has

1 *been, or will subject the security holder who*
 2 *identified such individual under subsection*
 3 *(h)(2)(A) to financial exploitation.*

4 *“(ii) REASONABLE EFFORTS.—An*
 5 *open-end investment company or transfer*
 6 *agent acting on behalf of such company*
 7 *shall be considered in compliance with sub-*
 8 *paragraph (B)(ii) if such company or*
 9 *transfer agent makes a reasonable effort to*
 10 *contact the individuals specified by a secu-*
 11 *rity holder under subsection (h)(2)(A).*

12 *“(E) INTERNAL PROCEDURES.—An open-*
 13 *end investment company or transfer agent acting*
 14 *on behalf of such company shall establish proce-*
 15 *dures to carry out the requirements under this*
 16 *subsection, including procedures—*

17 *“(i) related to the identification and*
 18 *reporting of matters related to the financial*
 19 *exploitation of specified adults;*

20 *“(ii) to determine whether to release or*
 21 *reinvest delayed redemption proceeds, tak-*
 22 *ing into account the facts and cir-*
 23 *cumstances of each case, should the internal*
 24 *review under subparagraph (B)(iii) support*

1 *the reasonable belief described in subpara-*
2 *graph (B)(i);*

3 “(iii) identifying each employee of the
4 company or transfer agent with authority
5 to establish, extend, or terminate a period
6 described in paragraph (1) or subparagraph
7 (A);

8 “(iv) in the case of a transfer agent,
9 that are reasonably designed to ensure that
10 the employees of such transfer agent comply
11 with this subsection; and

12 “(v) in the case of an open-end invest-
13 ment company, establishing periodic report-
14 ing requirements under which a transfer
15 agent acting on behalf of such company
16 shall notify such company of—

17 “(I) each extension under sub-
18 paragraph (B) authorized by such
19 transfer agent;

20 “(II) each finding by the transfer
21 agent under subparagraph (B)(i);

22 “(III) each notification under
23 subparagraph (B)(ii) carried out by
24 such transfer agent; and

1 “(IV) the results of each internal
2 review initiated by the transfer agent
3 under subparagraph (B)(iii).

4 “(F) INFORMATION INCLUDED IN CERTAIN
5 STATEMENTS.—An open-end investment com-
6 pany shall include in each prospectus or state-
7 ment of additional information a notification
8 that the company or transfer agent acting on be-
9 half of such company may postpone redemption
10 of certain securities under this subsection.

11 “(G) RECORD RETENTION.—An open-end
12 investment company or transfer agent acting on
13 behalf of such company shall—

14 “(i) document and retain records of—

15 “(I) each postponement of re-
16 demption under subparagraph (A),
17 (B), or (C);

18 “(II) each finding under subpara-
19 graph (B)(i);

20 “(III) the name and position of
21 each employee described in subpara-
22 graph (E)(iii);

23 “(IV) each notification carried
24 out under subparagraph (B)(ii); and

1 “(V) the results of each internal
2 review initiated under subparagraph
3 (B)(iii); and

4 “(ii) make such records available to the
5 Commission at the request of the Commis-
6 sion.

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

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

10 “(B) an individual age 18 or older who a
11 registered open-end investment company or a
12 transfer agent acting on behalf of such company
13 reasonably believes has a mental or physical im-
14 pairment that renders the individual unable to
15 protect the individual’s own interests.”.

16 (b) REGULATORY AND LEGISLATIVE RECOMMENDA-
17 TIONS.—

18 (1) IN GENERAL.—Not later than 1 year after
19 the date of the enactment of this section, the Securities
20 and Exchange Commission, in consultation with the
21 entities specified in paragraph (2), shall submit to
22 Congress a report that includes recommendations re-
23 garding the regulatory and legislative changes nec-
24 essary to address the financial exploitation of security
25 holders who are specified adults (as defined in sub-

1 *section (i)(3) of section 22 of the Investment Com-*
2 *pany Act of 1940 (15 U.S.C. 80a-22), as added by*
3 *this section).*

4 (2) *CONSULTATION.—The entities specified in*
5 *this paragraph are as follows:*

6 (A) *The Commodity Futures Trading Com-*
7 *mission.*

8 (B) *The Director of the Bureau of Consumer*
9 *Financial Protection.*

10 (C) *The Financial Industry Regulatory Au-*
11 *thority.*

12 (D) *The North American Securities Admin-*
13 *istrators Association.*

14 (E) *The Board of Governors of the Federal*
15 *Reserve System.*

16 (F) *The Comptroller of the Currency.*

17 (G) *The Federal Deposit Insurance Cor-*
18 *poration.*

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