

117TH CONGRESS
1ST SESSION

H. R. 5913

To prohibit registered investment advisers, brokers, and registered representatives of brokers from facilitating the transaction of or recommending the securities of certain special purpose acquisition companies unless certain disclosures are made, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 2021

Mr. SHERMAN introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To prohibit registered investment advisers, brokers, and registered representatives of brokers from facilitating the transaction of or recommending the securities of certain special purpose acquisition companies unless certain disclosures are made, 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 “Protecting Investors
5 from Excessive SPACs Fees Act of 2021”.

1 **SEC. 2. PROHIBITION RELATING TO CERTAIN SPECIAL PUR-**
2 **POSE ACQUISITION COMPANIES.**

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

6 (1) in paragraph (3), by striking “or” at the
7 end;

8 (2) in paragraph (4), by striking the period at
9 the end and inserting “; or”; and

10 (3) by adding at the end the following:

11 “(5) to facilitate the transaction of, or rec-
12 ommend, securities of a special purpose acquisition
13 company, as defined by the Commission, to a person
14 who is not an accredited investor (as defined in sec-
15 tion 2(a) of the Securities Act of 1933 (15 U.S.C.
16 77b)), unless—

17 “(A) the promote or similar economic com-
18 pensation of the special purpose acquisition
19 company is 5 percent or less; or

20 “(B) the special purpose acquisition com-
21 pany makes such disclosures to the Commission
22 as the Commission, by rule, may determine to
23 be necessary or appropriate in the public inter-
24 est or for the protection of investors.”.

25 (b) BROKERS AND REGISTERED REPRESENTATIVES
26 OF BROKERS.—Section 15 of the Securities Exchange Act

1 of 1934 (15 U.S.C. 78o) is amended by adding at the end
2 the following:

3 “(p) PROHIBITION RELATING TO CERTAIN SPECIAL
4 PURPOSE ACQUISITION COMPANIES.—

5 “(1) IN GENERAL.—A broker and any reg-
6 istered representative of a broker shall be prohibited
7 from facilitating the transaction of, or recom-
8 mending, securities of a special purpose acquisition
9 company, as defined by the Commission, to a person
10 who is not an accredited investor (as defined in sec-
11 tion 2(a) of the Securities Act of 1933 (15 U.S.C.
12 77b)), unless—

13 “(A) the promote or similar economic com-
14 pensation of the special purpose acquisition
15 company is 5 percent or less; or

16 “(B) the special purpose acquisition com-
17 pany makes such disclosures to the Commission
18 as the Commission, by rule, may determine to
19 be necessary or appropriate in the public inter-
20 est or for the protection of investors.

21 “(2) REGISTERED REPRESENTATIVE OF A
22 BROKER DEFINED.—In this subsection, with respect
23 to a broker, the term ‘registered representative of a
24 broker’ means an individual who represents the

- 1 broker in effecting or attempting to effect a pur-
- 2 chase or sale of securities.”.

