

AMENDMENT TO THE RULES COMMITTEE PRINT

119–33

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In title XVII, add at the end the following:

1 **Subtitle C—No Deceptive Fees for**
2 **Our Military**

3 **SEC. 17___ . SHORT TITLE.**

4 This subtitle may be cited as the “No Deceptive Fees
5 for Our Military Act of 2026”.

6 **SEC. 17___ . DECEPTIVE FEES PROHIBITED.**

7 (a) IN GENERAL.—In this subtitle, with respect to
8 a service or a transaction, the term “deceptive fee” means
9 any fee or charge imposed on a customer that is—

10 (1) not clearly and conspicuously disclosed prior
11 to the customer entering into the agreement for the
12 service or transaction; or

13 (2) excessive and not reasonably related to the
14 actual cost of the service or transaction.

15 (b) DEFINITIONS.—In this subtitle:

16 (1) “customer” means any member of the
17 armed services, whether active or a veteran, as well
18 as members of their family, including spouse, chil-
19 dren, and parents;

1 (2) “clearly and conspicuously disclosed” or
2 “undisclosed” means that any fee described in this
3 subtitle is provided to the customer in advance of
4 the fee being charged, according to the timeline pro-
5 vided in this subtitle, in large and clear font, and to
6 include both a description of the fee, the percentage
7 charged, and the dollar amount this percentage re-
8 flects per \$1,000 charged.

9 (3) “excessive” means any fee described in this
10 subtitle that is fair and reasonable in light of the
11 cost of services provided, the prevailing market
12 price, the size of the offering, or industry norms.
13 One indication that a fee is “excessive” is if it mate-
14 rially exceeds the amount that would be obtained
15 through arms-length negotiation. A fee greater than
16 5 percent of the cost of providing the service is pre-
17 sumptively excessive.

18 (c) IDENTIFICATION OF SPECIFIC DECEPTIVE
19 FEES.—The Securities and Exchange Commission may
20 issue a rule to identify specific fees or charges that are
21 a deceptive fee, which may include—

- 22 (1) a sales load fee;
- 23 (2) a variable performance-based fee;
- 24 (3) a fee related to the paper or electronic deliv-
25 ery of regulatory documents;

1 (4) undisclosed trading commissions;

2 (5) excessive or undisclosed markups or
3 markdowns;

4 (6) excessive or undisclosed processing, han-
5 dling, service, ticket, or platform fees;

6 (7) excessive or undisclosed marked-up regu-
7 latory, registered national securities exchange,
8 “SEC”, FINRA, or clearing fees;

9 (8) excessive or undisclosed front-end, back-end,
10 or level sales loads and contingent deferred sales
11 charges where lower-cost or no-load alternatives are
12 available;

13 (9) wrap fees marketed as “all-in” that exclude
14 significant trading, product, or platform costs or are
15 charged on largely inactive accounts (commonly re-
16 ferred to as “reverse churning”);

17 (10) excessive or undisclosed account mainte-
18 nance, custodial, or inactivity fees that are not tied
19 to bona fide services;

20 (11) excessive or undisclosed individual retire-
21 ment account (“IRA”) or brokerage account termi-
22 nation, closure, or transfer fees that impede switch-
23 ing;

24 (12) excessive or undisclosed paper statement,
25 confirmation, or tax document fees;

1 (13) excessive or undisclosed wire, transfer,
2 overnight delivery, or check fees;

3 (14) charging advisory or wrap fees on idle
4 cash;

5 (15) excessive or undisclosed margin interest
6 charges and securities borrowing fees;

7 (16) payment for order flow, internalization ar-
8 rangements, maker-taker or similar pricing prac-
9 tices, and routing incentives that hide costs or infe-
10 rior execution quality for customers;

11 (17) excessive or undisclosed foreign exchange
12 conversions;

13 (18) undisclosed revenue-sharing arrangements
14 with product sponsors, custodians, or trading
15 venues;

16 (19) undisclosed receipt of 12b-1 fees, trails, or
17 other distribution-related compensation by reg-
18 istrants or their affiliates;

19 (20) undisclosed principal trades or cross trades
20 with embedded markups or markdowns;

21 (21) subscription, retainer, financial planning,
22 or monitoring fees charged where little or no ongo-
23 ing service is actually provided;

1 (22) technology, data, portal, platform, or re-
2 porting fees that double-charge customers for core
3 services already covered by other compensation;

4 (23) excessive or undisclosed “paperwork,”
5 “document handling,” “compliance,” or “adminis-
6 trative” fees, especially where not tied to incre-
7 mental, client-specific services;

8 (24) excessive or undisclosed inactivity or min-
9 imum-balance penalties;

10 (25) excessive or undisclosed private fund moni-
11 toring, consulting, transaction, director, or similar
12 portfolio company fees;

13 (26) excessive or undisclosed misallocated bro-
14 ken-deal, organizational, or operating expenses
15 charged to clients or funds;

16 (27) fees pursuant to complex, opaque, or dis-
17 criminatory exchange, alternative trading system,
18 and other trading venue fee schedules (including ex-
19 cessive access, connectivity, co-location, port, and
20 market data fees, and opaque tiered or rebate struc-
21 tures) that obscure the true all-in cost of trading or
22 unfairly advantage certain participants;

23 (28) undisclosed zero commission or free trad-
24 ing offerings that rely on undisclosed spreads, infe-

1 rior execution, or hidden monetization of order flow
2 or customer data;

3 (29) undisclosed network or gas fees or similar
4 charges where the firm retains undisclosed spreads;

5 (30) excessive or undisclosed early redemption,
6 surrender, or contract change charges in pooled or
7 packaged products; and

8 (31) any other excessive or undisclosed fee,
9 charge, spread, or rebate that—

10 (A) impedes customers from moving or
11 closing accounts or switching products through
12 excessive financial penalties; or

13 (B) is structured or labeled in a manner
14 reasonably likely to mislead, obscure the total
15 economic cost, or exploit information
16 asymmetries or conflicts of interest.

17 **PART A—INVESTMENT COMPANIES**

18 **SEC. 17 ____. ADVANCED FEE DISCLOSURE REQUIREMENTS**

19 **FOR INVESTMENT COMPANIES.**

20 Section 30 of the Investment Company Act of 1940
21 (15 U.S.C. 80a–29) is amended by adding at the end the
22 following:

23 “(1) FEE DISCLOSURE REQUIREMENTS FOR INVEST-
24 MENT COMPANIES.—

1 “(1) IN GENERAL.—Not later than 1 year after
2 the date of enactment of this subsection, the Com-
3 mission shall issue rules to enhance fee notice and
4 transparency for registered investment companies.

5 “(2) REQUIREMENTS.—The rules issued under
6 paragraph (1) shall, at a minimum, require each
7 registered investment company to—

8 “(A) provide to each prospective customer,
9 as soon as practicable before the purchase of
10 any security issued by the registered investment
11 company, a clear and concise disclosure of all
12 fees and expenses that the customer will incur,
13 including management fees, advisory fees, dis-
14 tribution or marketing fees, redemption fees,
15 and any other charges;

16 “(B) clearly disclose any one-time or trans-
17 actional fees, including sales loads, purchase
18 fees, or redemption fees, that may be charged
19 to customers, with an explanation of the pur-
20 pose of each such fee; and

21 “(C) present the disclosures required under
22 this section in a prominent location and in plain
23 language and format, as prescribed by the Com-
24 mission, so that customers can easily under-
25 stand and compare fee information.”.

1 **SEC. 17____. PROHIBITION ON CERTAIN FEES BY INVEST-**
2 **MENT FUNDS.**

3 Section 12 of the Investment Company Act of 1940
4 (15 U.S.C. 80a–12) is amended by adding at the end the
5 following:

6 “(h) PROHIBITION ON CERTAIN FEES BY INVEST-
7 MENT FUNDS.—

8 “(1) IN GENERAL.—A registered investment
9 company may not charge or collect any deceptive fee
10 from a customer.

11 “(2) DECEPTIVE FEE DEFINED.—In this sub-
12 section, the term ‘deceptive fee’ has the meaning
13 given that term in section 17____ of the No Decep-
14 tive Fees for Our Military Act of 2026, as the Com-
15 mission may further define, by rule.”.

16 **PART B—BROKERS AND DEALERS**

17 **SEC. 17____. FEE AND COMMISSION DISCLOSURE REQUIRE-**
18 **MENTS FOR BROKERS AND DEALERS.**

19 Section 15 of the Securities Exchange Act of 1934
20 (15 U.S.C. 78o) is amended by adding at the end the fol-
21 lowing:

22 “(p) FEE AND COMMISSION DISCLOSURE REQUIRE-
23 MENTS FOR BROKERS AND DEALERS.—

24 “(1) IN GENERAL.—Not later than 1 year after
25 the date of enactment of this subsection, the Com-
26 mission shall issue additional rules, as necessary, to

1 require clear disclosure of all fees and commissions
2 imposed, directly or indirectly, by brokers and deal-
3 ers on customers.

4 “(2) REQUIREMENTS.—The rules issued under
5 paragraph (1) shall require each broker and dealer
6 to—

7 “(A) furnish to each new customer, at the
8 time of account opening or as soon as prac-
9 ticable, a complete schedule of all fees and com-
10 missions that may be imposed on the cus-
11 tomer’s account or transactions, including trad-
12 ing commissions, mark-ups or mark-downs on
13 trades, account maintenance or inactivity fees,
14 wire transfer or withdrawal fees, and account
15 closing or transfer fees;

16 “(B) prominently disclose on each trade
17 confirmation the amount of any commission,
18 fee, or other compensation charged on the
19 transaction, including any payment the broker
20 or dealer receives from third parties in connec-
21 tion with the transaction (such as payment for
22 order flow or other remuneration), expressed in
23 dollar terms or, if not known at the time of
24 transaction, a reasonable estimate thereof; and

1 “(C) provide each customer at least annu-
2 ally an itemized summary of all fees and
3 charges paid by that customer over the report-
4 ing period, including total commissions, fees,
5 and any other charges deducted from the cus-
6 tomer’s accounts.”.

7 **SEC. 17___ . PROHIBITION ON CERTAIN FEES BY BROKERS**
8 **AND DEALERS.**

9 Section 15 of the Securities Exchange Act of 1934
10 (15 U.S.C. 78o), as amended by section 201, is further
11 amended by adding at the end the following:

12 “(q) PROHIBITION ON CERTAIN FEES BY BROKERS
13 AND DEALERS.—

14 “(1) IN GENERAL.—A broker or dealer may
15 not, directly or indirectly, impose any of the fol-
16 lowing fees on a customer:

17 “(A) Any account maintenance, closure, or
18 inactivity fee that is not reasonably related to
19 the actual cost of maintaining or closing the
20 customer’s account.

21 “(B) Any surcharge, markup, or add-on
22 fee applied at the time of a transaction’s execu-
23 tion or settlement that was not clearly disclosed
24 to the customer before the transaction.

1 “(C) Any so-called ‘processing’ or ‘paper-
2 work’ fee charged to an customer that exceeds
3 the actual administrative cost of the service
4 provided.

5 “(D) Any undisclosed or misleading trad-
6 ing commissions.

7 “(E) Excessive fees that are dispropor-
8 tionate to the cost or value of the services pro-
9 vided.

10 “(F) Any deceptive fee (as defined in sec-
11 tion 17____ of the No Deceptive Fees for Our
12 Military Act of 2026) as the Commission deter-
13 mines appropriate or necessary to protect cus-
14 tomers.”.

15 **PART C—INVESTMENT ADVISERS**

16 **SEC. 17____. FEE DISCLOSURE REQUIREMENTS FOR INVEST-**
17 **MENT ADVISERS.**

18 Section 204 of the Investment Advisers Act of 1940
19 (15 U.S.C. 80b–4) is amended by adding at the end the
20 following:

21 “(g) FEE DISCLOSURE REQUIREMENTS FOR INVEST-
22 MENT ADVISERS.—

23 “(1) IN GENERAL.—Not later than 1 year after
24 the date of enactment of this subsection, the Com-
25 mission shall issue rules to require investment advis-

1 ers to provide full and clear disclosure of all fees and
2 compensation to their customers.

3 “(2) REQUIREMENTS.—The rules issued under
4 subsection (a) shall supplement existing rules gov-
5 erning Form ADV to require an investment adviser
6 to—

7 “(A) provide each customer, at least annu-
8 ally, a written summary showing the actual
9 amount of fees paid by the client for advisory
10 services during the period, including advisory
11 fees debited from the account of the client and
12 any other charges directly or indirectly paid by
13 the client to the adviser.”.

14 **SEC. 17___ . PROHIBITION ON CERTAIN FEES BY INVEST-**
15 **MENT ADVISERS.**

16 Section 206 of the Investment Advisers Act of 1940
17 (15 U.S.C. 80b–6) is amended—

18 (1) by striking “It shall” and inserting the fol-
19 lowing:

20 “(a) IN GENERAL.—It shall”; and

21 (2) by adding at the end the following:

22 “(b) PROHIBITION ON CERTAIN FEES BY INVEST-
23 MENT ADVISERS.—

24 “(1) IN GENERAL.—The Commission may pro-
25 mulgate rules that prohibit an investment adviser

1 from, directly or indirectly, charging or collecting
2 any deceptive fee (as defined in section 17____ of
3 the No Deceptive Fees for Our Military Act of
4 2026) if the Commission determines such prohibition
5 to be appropriate or necessary to protect i cus-
6 tomers, which may include—

7 “(A) any account maintenance, closure, or
8 inactivity fee that is not reasonably related to
9 the actual cost of maintaining or closing the
10 customer’s account;

11 “(B) any surcharge, markup, or add-on fee
12 applied at the time of a transaction’s execution
13 or settlement that was not clearly disclosed to
14 the customer before the transaction;

15 “(C) any so-called ‘processing’ or ‘paper-
16 work’ fee charged to an customer that exceeds
17 the actual administrative cost of the service
18 provided;

19 “(D) any undisclosed or misleading com-
20 missions;

21 “(E) fees for services or features that are
22 not actually provided or utilized by a client; and

23 “(F) fees that are grossly disproportionate
24 to the cost or value of the services provided.

1 “(2) INCLUSION OF CERTAIN RELATED PRAC-
2 TICES BY INVESTMENT ADVISERS.—The Commission
3 may also prohibit an investment adviser from, di-
4 rectly or indirectly, engaging in the following prac-
5 tices, if the Commission determines such prohibition
6 to be appropriate or necessary to protect customers:

7 “(A) Providing customers with higher-cost
8 mutual fund or exchange-traded fund share
9 classes when identical or substantially similar
10 lower-cost share classes are reasonably avail-
11 able.

12 “(B) Engaging in any revenue-sharing ar-
13 rangements with product sponsors, custodians,
14 or trading venues that are not clearly disclosed
15 to customers.

16 “(C) Characterizing a product or service as
17 a zero commission or free trading product or
18 service, when such product or service relies on
19 undisclosed spreads, inferior execution, or hid-
20 den monetization of order flow or customer
21 data.”.

