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113TH CONGRESS
2D SESSION

H. R. 4167

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2014

Received; read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AN ACT

To amend section 13 of the Bank Holding Company Act of 1956, known as the Volcker Rule, to exclude certain debt securities of collateralized loan obligations from the prohibition against acquiring or retaining an ownership interest in a hedge fund or private equity fund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Restoring Proven Financing for American Employers Act''.

SEC. 2. RULES OF CONSTRUCTION RELATING TO COLLATERALIZED LOAN OBLIGATIONS.

Section 13(g) of the Bank Holding Company Act of 1956 (12 U.S.C. 1851(g)) is amended by adding at the end the following new paragraphs:

''(4) COLLATERALIZED LOAN OBLIGATIONS.—

''(A) INAPPLICABILITY TO CERTAIN COLLATERALIZED LOAN OBLIGATIONS.—Nothing in this section shall be construed to require the divestiture, prior to July 21, 2017, of any debt securities of collateralized loan obligations, if such debt securities were issued before January 31, 2014.

''(B) OWNERSHIP INTEREST WITH RESPECT TO COLLATERALIZED LOAN OBLIGATIONS.—A banking entity shall not be considered to have an ownership interest in a collateralized loan obligation because it acquires, has acquired, or retains a debt security in such collateralized loan obligation if the debt

security has no indicia of ownership other than the right of the banking entity to participate in the removal for cause, or in the selection of a replacement after removal for cause or resignation, of an investment manager or investment adviser of the collateralized loan obligation.

''(C) DEFINITIONS.—For purposes of this paragraph:

''(i) COLLATERALIZED LOAN OBLIGATION.—The term 'collateralized loan obligation' means any issuing entity of an asset-backed security, as defined in section 3(a)(77) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(77)), that is comprised primarily of commercial loans.

''(ii) REMOVAL FOR CAUSE.—An investment manager or investment adviser shall be deemed to be removed 'for cause' if the investment manager or investment adviser is removed as a result of—

''(I) a breach of a material term of the applicable management or advisory agreement or the agreement governing the collateralized loan obligation;

''(II) the inability of the investment manager or investment adviser to continue to perform its obligations under any such agreement;

''(III) any other action or inaction by the investment manager or investment adviser that has or could reasonably be expected to have a materially adverse effect on the collateralized loan obligation, if the investment manager or investment adviser fails to cure or take reasonable steps to cure such effect within a reasonable time; or

''(IV) a comparable event or circumstance that threatens, or could reasonably be expected to threaten, the interests of holders of the debt securities.''.

Passed the House of Representatives April 29, 2014.

Attest: KAREN L. HAAS,

Clerk.