

113TH CONGRESS  
2D SESSION

# H. R. 5405

To make technical corrections to the Dodd-Frank Wall Street Reform and Consumer Protection Act, to enhance the ability of small and emerging growth companies to access capital through public and private markets, to reduce regulatory burdens, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 2014

Mr. FITZPATRICK (for himself, Mr. BARR, Mr. DUFFY, Mr. GARRETT, Mr. GRIMM, Mr. HUIZENGA of Michigan, Mr. HULTGREN, Mr. HURT, Mr. LUETKEMEYER, Mr. STIVERS, Mrs. WAGNER, and Mr. WOMACK) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To make technical corrections to the Dodd-Frank Wall Street Reform and Consumer Protection Act, to enhance the ability of small and emerging growth companies to access capital through public and private markets, to reduce regulatory burdens, 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,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Promoting Job Cre-  
3 ation and Reducing Small Business Burdens Act”.

4 **SEC. 2. TABLE OF CONTENTS.**

5       The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—BUSINESS RISK MITIGATION AND PRICE STABILIZATION  
ACT

- Sec. 101. Margin requirements.
- Sec. 102. Implementation.

TITLE II—TREATMENT OF AFFILIATE TRANSACTIONS

- Sec. 201. Treatment of affiliate transactions.

TITLE III—HOLDING COMPANY REGISTRATION THRESHOLD  
EQUALIZATION ACT

- Sec. 301. Registration threshold for savings and loan holding companies.

TITLE IV—SMALL BUSINESS MERGERS, ACQUISITIONS, SALES,  
AND BROKERAGE SIMPLIFICATION ACT

- Sec. 401. Registration exemption for merger and acquisition brokers.
- Sec. 402. Effective date.

TITLE V—SMALL CAP LIQUIDITY REFORM ACT

- Sec. 501. Liquidity pilot program for securities of certain emerging growth  
companies.

TITLE VI—IMPROVING ACCESS TO CAPITAL FOR EMERGING  
GROWTH COMPANIES ACT

- Sec. 601. Filing requirement for public filing prior to public offering.
- Sec. 602. Grace period for change of status of emerging growth companies.
- Sec. 603. Simplified disclosure requirements for emerging growth companies.

TITLE VII—SMALL COMPANY DISCLOSURE SIMPLIFICATION ACT

- Sec. 701. Exemption from XBRL requirements for emerging growth companies  
and other smaller companies.
- Sec. 702. Analysis by the SEC.
- Sec. 703. Report to Congress.
- Sec. 704. Definitions.

TITLE VIII—RESTORING PROVEN FINANCING FOR AMERICAN  
EMPLOYERS ACT

- Sec. 801. Rules of construction relating to collateralized loan obligations.

## TITLE IX—SBIC ADVISERS RELIEF ACT

- Sec. 901. Advisers of SBICs and venture capital funds.  
 Sec. 902. Advisers of SBICs and private funds.  
 Sec. 903. Relationship to State law.

TITLE X—DISCLOSURE MODERNIZATION AND SIMPLIFICATION  
ACT

- Sec. 1001. Summary page for form 10-K.  
 Sec. 1002. Improvement of regulation S-K.  
 Sec. 1003. Study on modernization and simplification of regulation S-K.

## TITLE XI—ENCOURAGING EMPLOYEE OWNERSHIP ACT

- Sec. 1101. Increased threshold for disclosures relating to compensatory benefit plans.

1 **TITLE I—BUSINESS RISK MITI-**  
 2 **GATION AND PRICE STA-**  
 3 **BILIZATION ACT**

4 **SEC. 101. MARGIN REQUIREMENTS.**

5 (a) COMMODITY EXCHANGE ACT AMENDMENT.—  
 6 Section 4s(e) of the Commodity Exchange Act (7 U.S.C.  
 7 6s(e)), as added by section 731 of the Dodd-Frank Wall  
 8 Street Reform and Consumer Protection Act, is amended  
 9 by adding at the end the following new paragraph:

10 “(4) APPLICABILITY WITH RESPECT TO  
 11 COUNTERPARTIES.—The requirements of paragraphs  
 12 (2)(A)(ii) and (2)(B)(ii) shall not apply to a swap in  
 13 which a counterparty qualifies for an exception  
 14 under section 2(h)(7)(A) or satisfies the criteria in  
 15 section 2(h)(7)(D).”.

16 (b) SECURITIES EXCHANGE ACT AMENDMENT.—  
 17 Section 15F(e) of the Securities Exchange Act of 1934  
 18 (15 U.S.C. 78o–10(e)), as added by section 764(a) of the

1 Dodd-Frank Wall Street Reform and Consumer Protec-  
2 tion Act, is amended by adding at the end the following  
3 new paragraph:

4           “(4) APPLICABILITY WITH RESPECT TO  
5 COUNTERPARTIES.—The requirements of paragraphs  
6 (2)(A)(ii) and (2)(B)(ii) shall not apply to a secu-  
7 rity-based swap in which a counterparty qualifies for  
8 an exception under section 3C(g)(1) or satisfies the  
9 criteria in section 3C(g)(4).”.

10 **SEC. 102. IMPLEMENTATION.**

11       The amendments made by this title to the Commodity  
12 Exchange Act shall be implemented—

13           (1) without regard to—

14               (A) chapter 35 of title 44, United States  
15 Code; and

16               (B) the notice and comment provisions of  
17 section 553 of title 5, United States Code;

18           (2) through the promulgation of an interim  
19 final rule, pursuant to which public comment will be  
20 sought before a final rule is issued; and

21           (3) such that paragraph (1) shall apply solely  
22 to changes to rules and regulations, or proposed  
23 rules and regulations, that are limited to and di-  
24 rectly a consequence of such amendments.

1           **TITLE II—TREATMENT OF**  
2           **AFFILIATE TRANSACTIONS**

3   **SEC. 201. TREATMENT OF AFFILIATE TRANSACTIONS.**

4           (a) IN GENERAL.—

5                 (1) COMMODITY EXCHANGE ACT AMEND-  
6           MENT.—Section 2(h)(7)(D)(i) of the Commodity Ex-  
7           change Act (7 U.S.C. 2(h)(7)(D)(i)) is amended to  
8           read as follows:

9                         “(i) IN GENERAL.—An affiliate of a  
10                        person that qualifies for an exception  
11                        under subparagraph (A) (including affiliate  
12                        entities predominantly engaged in pro-  
13                        viding financing for the purchase of the  
14                        merchandise or manufactured goods of the  
15                        person) may qualify for the exception only  
16                        if the affiliate enters into the swap to  
17                        hedge or mitigate the commercial risk of  
18                        the person or other affiliate of the person  
19                        that is not a financial entity, provided that  
20                        if the transfer of commercial risk is ad-  
21                        dressed by entering into a swap with a  
22                        swap dealer or major swap participant, an  
23                        appropriate credit support measure or  
24                        other mechanism is utilized.”.

1           (2) SECURITIES EXCHANGE ACT OF 1934  
2           AMENDMENT.—Section 3C(g)(4)(A) of the Securities  
3           Exchange Act of 1934 (15 U.S.C. 78c–3(g)(4)(A))  
4           is amended to read as follows:

5                   “(A) IN GENERAL.—An affiliate of a per-  
6                   son that qualifies for an exception under para-  
7                   graph (1) (including affiliate entities predomi-  
8                   nantly engaged in providing financing for the  
9                   purchase of the merchandise or manufactured  
10                  goods of the person) may qualify for the excep-  
11                  tion only if the affiliate enters into the security-  
12                  based swap to hedge or mitigate the commercial  
13                  risk of the person or other affiliate of the per-  
14                  son that is not a financial entity, provided that  
15                  if the transfer of commercial risk is addressed  
16                  by entering into a security-based swap with a  
17                  security-based swap dealer or major security-  
18                  based swap participant, an appropriate credit  
19                  support measure or other mechanism is uti-  
20                  lized.”.

21           (b) APPLICABILITY OF CREDIT SUPPORT MEASURE  
22           REQUIREMENT.—Notwithstanding section 371 of this Act,  
23           the requirements in section 2(h)(7)(D)(i) of the Com-  
24           modity Exchange Act and section 3C(g)(4)(A) of the Se-  
25           curities Exchange Act of 1934, as amended by subsection

1 (a), requiring that a credit support measure or other  
2 mechanism be utilized if the transfer of commercial risk  
3 referred to in such sections is addressed by entering into  
4 a swap with a swap dealer or major swap participant or  
5 a security-based swap with a security-based swap dealer  
6 or major security-based swap participant, as appropriate,  
7 shall not apply with respect to swaps or security-based  
8 swaps, as appropriate, entered into before the date of the  
9 enactment of this Act.

10 **TITLE III—HOLDING COMPANY**  
11 **REGISTRATION THRESHOLD**  
12 **EQUALIZATION ACT**

13 **SEC. 301. REGISTRATION THRESHOLD FOR SAVINGS AND**  
14 **LOAN HOLDING COMPANIES.**

15 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
16 et seq.) is amended—

17 (1) in section 12(g)—

18 (A) in paragraph (1)(B), by inserting after  
19 “is a bank” the following: “, a savings and loan  
20 holding company (as defined in section 10 of  
21 the Home Owners’ Loan Act),”; and

22 (B) in paragraph (4), by inserting after  
23 “case of a bank” the following: “, a savings and  
24 loan holding company (as defined in section 10  
25 of the Home Owners’ Loan Act),”; and

1           (2) in section 15(d), by striking “case of bank”  
2           and inserting the following: “case of a bank, a sav-  
3           ings and loan holding company (as defined in section  
4           10 of the Home Owners’ Loan Act),”.

5 **TITLE IV—SMALL BUSINESS**  
6 **MERGERS, ACQUISITIONS,**  
7 **SALES, AND BROKERAGE SIM-**  
8 **PLIFICATION ACT**

9 **SEC. 401. REGISTRATION EXEMPTION FOR MERGER AND**  
10 **ACQUISITION BROKERS.**

11           Section 15(b) of the Securities Exchange Act of 1934  
12 (15 U.S.C. 78o(b)) is amended by adding at the end the  
13 following:

14           “(13) REGISTRATION EXEMPTION FOR MERGER  
15           AND ACQUISITION BROKERS.—

16           “(A) IN GENERAL.—Except as provided in  
17           subparagraph (B), an M&A broker and any per-  
18           son associated with an M&A broker shall be ex-  
19           empt from registration under this section.

20           “(B) EXCLUDED ACTIVITIES.—An M&A  
21           broker or a person associated with an M&A  
22           broker is not exempt from registration under  
23           this paragraph if such broker or associated per-  
24           son does any of the following:

1           “(i) Directly or indirectly, in connec-  
2           tion with the transfer of ownership of an  
3           eligible privately held company, receives,  
4           holds, transmits, or has custody of the  
5           funds or securities to be exchanged by the  
6           parties to the transaction.

7           “(ii) Engages on behalf of an issuer in  
8           a public offering of any class of securities  
9           that is registered, or is required to be reg-  
10          istered, with the Commission under section  
11          12 or with respect to which the issuer files,  
12          or is required to file, periodic information,  
13          documents, and reports under subsection  
14          (d).

15          “(C) RULE OF CONSTRUCTION.—Nothing  
16          in this paragraph shall be construed to limit  
17          any other authority of the Commission to ex-  
18          empt any person, or any class of persons, from  
19          any provision of this title, or from any provision  
20          of any rule or regulation thereunder.

21          “(D) DEFINITIONS.—In this paragraph:

22                 “(i) CONTROL.—The term ‘control’  
23                 means the power, directly or indirectly, to  
24                 direct the management or policies of a  
25                 company, whether through ownership of

1 securities, by contract, or otherwise. There  
2 is a presumption of control for any person  
3 who—

4 “(I) is a director, general part-  
5 ner, member or manager of a limited  
6 liability company, or officer exercising  
7 executive responsibility (or has similar  
8 status or functions);

9 “(II) has the right to vote 20  
10 percent or more of a class of voting  
11 securities or the power to sell or direct  
12 the sale of 20 percent or more of a  
13 class of voting securities; or

14 “(III) in the case of a partner-  
15 ship or limited liability company, has  
16 the right to receive upon dissolution,  
17 or has contributed, 20 percent or  
18 more of the capital.

19 “(ii) ELIGIBLE PRIVATELY HELD  
20 COMPANY.—The term ‘eligible privately  
21 held company’ means a company that  
22 meets both of the following conditions:

23 “(I) The company does not have  
24 any class of securities registered, or  
25 required to be registered, with the

1 Commission under section 12 or with  
2 respect to which the company files, or  
3 is required to file, periodic informa-  
4 tion, documents, and reports under  
5 subsection (d).

6 “(II) In the fiscal year ending  
7 immediately before the fiscal year in  
8 which the services of the M&A broker  
9 are initially engaged with respect to  
10 the securities transaction, the com-  
11 pany meets either or both of the fol-  
12 lowing conditions (determined in ac-  
13 cordance with the historical financial  
14 accounting records of the company):

15 “(aa) The earnings of the  
16 company before interest, taxes,  
17 depreciation, and amortization  
18 are less than \$25,000,000.

19 “(bb) The gross revenues of  
20 the company are less than  
21 \$250,000,000.

22 “(iii) M&A BROKER.—The term ‘M&A  
23 broker’ means a broker engaged in the  
24 business of effecting securities transactions  
25 solely in connection with the transfer of

1 ownership of an eligible privately held com-  
2 pany, regardless of whether the broker acts  
3 on behalf of a seller or buyer, through the  
4 purchase, sale, exchange, issuance, repur-  
5 chase, or redemption of, or a business com-  
6 bination involving, securities or assets of  
7 the eligible privately held company, if the  
8 broker reasonably believes that—

9 “(I) upon consummation of the  
10 transaction, any person acquiring se-  
11 curities or assets of the eligible pri-  
12 vately held company, acting alone or  
13 in concert, will control and, directly or  
14 indirectly, will be active in the man-  
15 agement of the eligible privately held  
16 company or the business conducted  
17 with the assets of the eligible privately  
18 held company; and

19 “(II) if any person is offered se-  
20 curities in exchange for securities or  
21 assets of the eligible privately held  
22 company, such person will, prior to  
23 becoming legally bound to consum-  
24 mate the transaction, receive or have  
25 reasonable access to the most recent

1 year-end balance sheet, income state-  
2 ment, statement of changes in finan-  
3 cial position, and statement of owner's  
4 equity of the issuer of the securities  
5 offered in exchange, and, if the finan-  
6 cial statements of the issuer are au-  
7 dited, the related report of the inde-  
8 pendent auditor, a balance sheet  
9 dated not more than 120 days before  
10 the date of the offer, and information  
11 pertaining to the management, busi-  
12 ness, results of operations for the pe-  
13 riod covered by the foregoing financial  
14 statements, and material loss contin-  
15 gencies of the issuer.

16 “(E) INFLATION ADJUSTMENT.—

17 “(i) IN GENERAL.—On the date that  
18 is 5 years after the date of the enactment  
19 of the Small Business Mergers, Acquisi-  
20 tions, Sales, and Brokerage Simplification  
21 Act of 2013, and every 5 years thereafter,  
22 each dollar amount in subparagraph  
23 (D)(ii)(II) shall be adjusted by—

24 “(I) dividing the annual value of  
25 the Employment Cost Index For

1 Wages and Salaries, Private Industry  
2 Workers (or any successor index), as  
3 published by the Bureau of Labor  
4 Statistics, for the calendar year pre-  
5 ceding the calendar year in which the  
6 adjustment is being made by the an-  
7 nual value of such index (or suc-  
8 cessor) for the calendar year ending  
9 December 31, 2012; and

10 “(II) multiplying such dollar  
11 amount by the quotient obtained  
12 under subclause (I).

13 “(ii) ROUNDING.—Each dollar  
14 amount determined under clause (i) shall  
15 be rounded to the nearest multiple of  
16 \$100,000.”.

17 **SEC. 402. EFFECTIVE DATE.**

18 This title and any amendment made by this title shall  
19 take effect on the date that is 90 days after the date of  
20 the enactment of this Act.

1 **TITLE V—SMALL CAP LIQUIDITY**  
2 **REFORM ACT**

3 **SEC. 501. LIQUIDITY PILOT PROGRAM FOR SECURITIES OF**  
4 **CERTAIN EMERGING GROWTH COMPANIES.**

5 (a) IN GENERAL.—Section 11A(c)(6) of the Securi-  
6 ties Exchange Act of 1934 (15 U.S.C. 78k–1(c)(6)) is  
7 amended to read as follows:

8 “(6) LIQUIDITY PILOT PROGRAM FOR SECURITIES  
9 OF CERTAIN EMERGING GROWTH COMPANIES.—

10 “(A) QUOTING INCREMENT.—Beginning on the  
11 date that is 90 days after the date of the enactment  
12 of the Small Cap Liquidity Reform Act of 2013, the  
13 securities of a covered emerging growth company  
14 shall be quoted using—

15 “(i) a minimum increment of \$0.05; or

16 “(ii) if, not later than 60 days after such  
17 date of enactment, the company so elects in the  
18 manner described in subparagraph (D)—

19 “(I) a minimum increment of \$0.10;

20 or

21 “(II) the increment at which such se-  
22 curities would be quoted without regard to  
23 the minimum increments established under  
24 this paragraph.

1           “(B) TRADING INCREMENT.—In the case of a  
2 covered emerging growth company the securities of  
3 which are quoted at a minimum increment of \$0.05  
4 or \$0.10 under this paragraph, the Commission shall  
5 determine the increment at which the securities of  
6 such company are traded.

7           “(C) FUTURE RIGHT TO OPT OUT OR CHANGE  
8 MINIMUM INCREMENT.—

9           “(i) IN GENERAL.—At any time beginning  
10 on the date that is 90 days after the date of the  
11 enactment of the Small Cap Liquidity Reform  
12 Act of 2013, a covered emerging growth com-  
13 pany the securities of which are quoted at a  
14 minimum increment of \$0.05 or \$0.10 under  
15 this paragraph may elect in the manner de-  
16 scribed in subparagraph (D)—

17           “(I) for the securities of such com-  
18 pany to be quoted at the increment at  
19 which such securities would be quoted  
20 without regard to the minimum increments  
21 established under this paragraph; or

22           “(II) to change the minimum incre-  
23 ment at which the securities of such com-  
24 pany are quoted from \$0.05 to \$0.10 or  
25 from \$0.10 to \$0.05.

1           “(ii) WHEN ELECTION EFFECTIVE.—An  
2 election under this subparagraph shall take ef-  
3 fect on the date that is 30 days after such elec-  
4 tion is made.

5           “(iii) SINGLE ELECTION TO CHANGE MIN-  
6 IMUM INCREMENT.—A covered emerging growth  
7 company may not make more than one election  
8 under clause (i)(II).

9           “(D) MANNER OF ELECTION.—

10           “(i) IN GENERAL.—An election is made in  
11 the manner described in this subparagraph by  
12 informing the Commission of such election.

13           “(ii) NOTIFICATION OF EXCHANGES AND  
14 OTHER TRADING VENUES.—Upon being in-  
15 formed of an election under clause (i), the Com-  
16 mission shall notify each exchange or other  
17 trading venue where the securities of the cov-  
18 ered emerging growth company are quoted or  
19 traded.

20           “(E) ISSUERS CEASING TO BE COVERED  
21 EMERGING GROWTH COMPANIES.—

22           “(i) IN GENERAL.—If an issuer the securi-  
23 ties of which are quoted at a minimum incre-  
24 ment of \$0.05 or \$0.10 under this paragraph  
25 ceases to be a covered emerging growth com-

1           pany, the securities of such issuer shall be  
2           quoted at the increment at which such securi-  
3           ties would be quoted without regard to the min-  
4           imum increments established under this para-  
5           graph.

6           “(ii) EXCEPTIONS.—The Commission may  
7           by regulation, as the Commission considers ap-  
8           propriate, specify any circumstances under  
9           which an issuer shall continue to be considered  
10          a covered emerging growth company for pur-  
11          poses of this paragraph after the issuer ceases  
12          to meet the requirements of subparagraph  
13          (L)(i).

14          “(F) SECURITIES TRADING BELOW \$1.—

15                  “(i) INITIAL PRICE.—

16                          “(I) AT EFFECTIVE DATE.—If the  
17                          trading price of the securities of a covered  
18                          emerging growth company is below \$1 at  
19                          the close of the last trading day before the  
20                          date that is 90 days after the date of the  
21                          enactment of the Small Cap Liquidity Re-  
22                          form Act of 2013, the securities of such  
23                          company shall be quoted using the incre-  
24                          ment at which such securities would be

1 quoted without regard to the minimum in-  
2 crements established under this paragraph.

3 “(II) AT IPO.—If a covered emerging  
4 growth company makes an initial public of-  
5 fering after the day described in subclause  
6 (I) and the first share of the securities of  
7 such company is offered to the public at a  
8 price below \$1, the securities of such com-  
9 pany shall be quoted using the increment  
10 at which such securities would be quoted  
11 without regard to the minimum increments  
12 established under this paragraph.

13 “(ii) AVERAGE TRADING PRICE.—If the av-  
14 erage trading price of the securities of a cov-  
15 ered emerging growth company falls below \$1  
16 for any 90-day period beginning on or after the  
17 day before the date of the enactment of the  
18 Small Cap Liquidity Reform Act of 2013, the  
19 securities of such company shall, after the end  
20 of such period, be quoted using the increment  
21 at which such securities would be quoted with-  
22 out regard to the minimum increments estab-  
23 lished under this paragraph.

24 “(G) FRAUD OR MANIPULATION.—If the Com-  
25 mission determines that a covered emerging growth

1 company has violated any provision of the securities  
2 laws prohibiting fraudulent, manipulative, or decep-  
3 tive acts or practices, the securities of such company  
4 shall, after the date of the determination, be quoted  
5 using the increment at which such securities would  
6 be quoted without regard to the minimum incre-  
7 ments established under this paragraph.

8 “(H) INELIGIBILITY FOR INCREASED MINIMUM  
9 INCREMENT PERMANENT.—The securities of an  
10 issuer may not be quoted at a minimum increment  
11 of \$0.05 or \$0.10 under this paragraph at any time  
12 after—

13 “(i) such issuer makes an election under  
14 subparagraph (A)(ii)(II);

15 “(ii) such issuer makes an election under  
16 subparagraph (C)(i)(I), except during the pe-  
17 riod before such election takes effect; or

18 “(iii) the securities of such issuer are re-  
19 quired by this paragraph to be quoted using the  
20 increment at which such securities would be  
21 quoted without regard to the minimum incre-  
22 ments established under this paragraph.

23 “(I) ADDITIONAL REPORTS AND DISCLO-  
24 SURES.—The Commission shall require a covered  
25 emerging growth company the securities of which

1 are quoted at a minimum increment of \$0.05 or  
2 \$0.10 under this paragraph to make such reports  
3 and disclosures as the Commission considers nec-  
4 essary or appropriate in the public interest or for  
5 the protection of investors.

6 “(J) LIMITATION OF LIABILITY.—An issuer (or  
7 any officer, director, manager, or other agent of  
8 such issuer) shall not be liable to any person (other  
9 than such issuer) under any law or regulation of the  
10 United States, any constitution, law, or regulation of  
11 any State or political subdivision thereof, or any con-  
12 tract or other legally enforceable agreement (includ-  
13 ing any arbitration agreement) for any losses caused  
14 solely by the quoting of the securities of such issuer  
15 at a minimum increment of \$0.05 or \$0.10, by the  
16 trading of such securities at the increment deter-  
17 mined by the Commission under subparagraph (B),  
18 or by both such quoting and trading, as provided in  
19 this paragraph.

20 “(K) REPORT TO CONGRESS.—Not later than 6  
21 months after the date of the enactment of the Small  
22 Cap Liquidity Reform Act of 2013, and every 6  
23 months thereafter, the Commission, in coordination  
24 with each exchange on which the securities of cov-  
25 ered emerging growth companies are quoted or trad-

1 ed, shall submit to Congress a report on the quoting  
2 and trading of securities in increments permitted by  
3 this paragraph and the extent to which such quoting  
4 and trading are increasing liquidity and active trad-  
5 ing by incentivizing capital commitment, research  
6 coverage, and brokerage support, together with any  
7 legislative recommendations the Commission may  
8 have.

9 “(L) DEFINITIONS.—In this paragraph:

10 “(i) COVERED EMERGING GROWTH COM-  
11 PANY.—The term ‘covered emerging growth  
12 company’ means an emerging growth company,  
13 as defined in the first paragraph (80) of section  
14 3(a), except that—

15 “(I) such paragraph shall be applied  
16 by substituting ‘\$750,000,000’ for  
17 ‘\$1,000,000,000’ each place it appears;  
18 and

19 “(II) subparagraphs (B), (C), and (D)  
20 of such paragraph do not apply.

21 “(ii) SECURITY.—The term ‘security’  
22 means an equity security.

23 “(M) SAVINGS PROVISION.—Notwithstanding  
24 any other provision of this paragraph, the Commis-  
25 sion may—

1           “(i) make such adjustments to the pilot  
2           program specified in this paragraph as the  
3           Commission considers necessary or appropriate  
4           to ensure that such program can provide statis-  
5           tically meaningful or reliable results, including  
6           adjustments to eliminate selection bias among  
7           participants, expand the number of participants  
8           eligible to participate in such program, and  
9           change the duration of such program for one or  
10          more participants; and

11           “(ii) conduct any other study or pilot pro-  
12          gram, in conjunction with or separate from the  
13          pilot program specified in this paragraph (as  
14          such program may be adjusted pursuant to  
15          clause (i)), to evaluate quoting or trading in  
16          various minimum increments.”.

17          (b) SUNSET.—Effective on the date that is 5 years  
18          after the date of the enactment of this Act, section  
19          11A(c)(6) of the Securities Exchange Act of 1934 (15  
20          U.S.C. 78k–1(c)(6)) is repealed.

1 **TITLE VI—IMPROVING ACCESS**  
2 **TO CAPITAL FOR EMERGING**  
3 **GROWTH COMPANIES ACT**

4 **SEC. 601. FILING REQUIREMENT FOR PUBLIC FILING**  
5 **PRIOR TO PUBLIC OFFERING.**

6 Section 6(e)(1) of the Securities Act of 1933 (15  
7 U.S.C. 77f(e)(1)) is amended by striking “21 days” and  
8 inserting “15 days”.

9 **SEC. 602. GRACE PERIOD FOR CHANGE OF STATUS OF**  
10 **EMERGING GROWTH COMPANIES.**

11 Section 6(e)(1) of the Securities Act of 1933 (15  
12 U.S.C. 77f(e)(1)) is further amended by adding at the end  
13 the following: “An issuer that was an emerging growth  
14 company at the time it submitted a confidential registra-  
15 tion statement or, in lieu thereof, a publicly filed registra-  
16 tion statement for review under this subsection but ceases  
17 to be an emerging growth company thereafter shall con-  
18 tinue to be treated as an emerging market growth com-  
19 pany for the purposes of this subsection through the ear-  
20 lier of the date on which the issuer consummates its initial  
21 public offering pursuant to such registrations statement  
22 or the end of the 1-year period beginning on the date the  
23 company ceases to be an emerging growth company.”.

1 **SEC. 603. SIMPLIFIED DISCLOSURE REQUIREMENTS FOR**  
2 **EMERGING GROWTH COMPANIES.**

3 Section 102 of the Jumpstart Our Business Startups  
4 Act (Public Law 112–106) is amended by adding at the  
5 end the following:

6 “(d) SIMPLIFIED DISCLOSURE REQUIREMENTS.—  
7 With respect to an emerging growth company (as such  
8 term is defined under section 2 of the Securities Act of  
9 1933):

10 “(1) REQUIREMENT TO INCLUDE NOTICE ON  
11 FORM S–1.—Not later than 30 days after the date  
12 of enactment of this subsection, the Securities and  
13 Exchange Commission shall revise its general in-  
14 structions on Form S–1 to indicate that a registra-  
15 tion statement filed (or submitted for confidential  
16 review) by an issuer prior to an initial public offer-  
17 ing may omit financial information for historical pe-  
18 riods otherwise required by regulation S–X (17  
19 C.F.R. 210.1–01 et seq.) as of the time of filing (or  
20 confidential submission) of such registration state-  
21 ment, provided that—

22 “(A) the omitted financial information re-  
23 lates to a historical period that the issuer rea-  
24 sonably believes will not be required to be in-  
25 cluded in the Form S–1 at the time of the con-  
26 templated offering; and

1           “(B) prior to the issuer distributing a pre-  
2           liminary prospectus to investors, such registra-  
3           tion statement is amended to include all finan-  
4           cial information required by such regulation S-  
5           X at the date of such amendment.

6           “(2) RELIANCE BY ISSUERS.—Effective 30 days  
7           after the date of enactment of this subsection, an  
8           issuer filing a registration statement (or submitting  
9           the statement for confidential review) on Form S-  
10          1 may omit financial information for historical peri-  
11          ods otherwise required by regulation S-X (17 C.F.R.  
12          210.1-01 et seq.) as of the time of filing (or con-  
13          fidential submission) of such registration statement,  
14          provided that—

15               “(A) the omitted financial information re-  
16               lates to a historical period that the issuer rea-  
17               sonably believes will not be required to be in-  
18               cluded in the Form S-1 at the time of the con-  
19               templated offering; and

20               “(B) prior to the issuer distributing a pre-  
21               liminary prospectus to investors, such registra-  
22               tion statement is amended to include all finan-  
23               cial information required by such regulation S-  
24               X at the date of such amendment.”.

1 **TITLE VII—SMALL COMPANY**  
2 **DISCLOSURE SIMPLIFICA-**  
3 **TION ACT**

4 **SEC. 701. EXEMPTION FROM XBRL REQUIREMENTS FOR**  
5 **EMERGING GROWTH COMPANIES AND OTHER**  
6 **SMALLER COMPANIES.**

7 (a) EXEMPTION FOR EMERGING GROWTH COMPA-  
8 NIES.—Emerging growth companies are exempted from  
9 the requirements to use Extensible Business Reporting  
10 Language (XBRL) for financial statements and other  
11 periodic reporting required to be filed with the Commis-  
12 sion under the securities laws. Such companies may elect  
13 to use XBRL for such reporting.

14 (b) EXEMPTION FOR OTHER SMALLER COMPA-  
15 NIES.—Issuers with total annual gross revenues of less  
16 than \$250,000,000 are exempt from the requirements to  
17 use XBRL for financial statements and other periodic re-  
18 porting required to be filed with the Commission under  
19 the securities laws. Such issuers may elect to use XBRL  
20 for such reporting. An exemption under this subsection  
21 shall continue in effect until—

22 (1) the date that is five years after the date of  
23 enactment of this Act; or

24 (2) the date that is two years after a deter-  
25 mination by the Commission, by order after con-

1 ducting the analysis required by section 703, that  
2 the benefits of such requirements to such issuers  
3 outweigh the costs, but no earlier than three years  
4 after enactment of this Act.

5 (c) MODIFICATIONS TO REGULATIONS.—Not later  
6 than 60 days after the date of enactment of this Act, the  
7 Commission shall revise its regulations under parts 229,  
8 230, 232, 239, 240, and 249 of title 17, Code of Federal  
9 Regulations, to reflect the exemptions set forth in sub-  
10 sections (a) and (b).

11 **SEC. 702. ANALYSIS BY THE SEC.**

12 The Commission shall conduct an analysis of the  
13 costs and benefits to issuers described in section 701(b)  
14 of the requirements to use XBRL for financial statements  
15 and other periodic reporting required to be filed with the  
16 Commission under the securities laws. Such analysis shall  
17 include an assessment of—

18 (1) how such costs and benefits may differ from  
19 the costs and benefits identified by the Commission  
20 in the order relating to interactive data to improve  
21 financial reporting (dated January 30, 2009; 74  
22 Fed. Reg. 6776) because of the size of such issuers;

23 (2) the effects on efficiency, competition, capital  
24 formation, and financing and on analyst coverage of

1 such issuers (including any such effects resulting  
2 from use of XBRL by investors);

3 (3) the costs to such issuers of—

4 (A) submitting data to the Commission in  
5 XBRL;

6 (B) posting data on the website of the  
7 issuer in XBRL;

8 (C) software necessary to prepare, submit,  
9 or post data in XBRL; and

10 (D) any additional consulting services or  
11 filing agent services;

12 (4) the benefits to the Commission in terms of  
13 improved ability to monitor securities markets, as-  
14 sess the potential outcomes of regulatory alter-  
15 natives, and enhance investor participation in cor-  
16 porate governance and promote capital formation;  
17 and

18 (5) the effectiveness of standards in the United  
19 States for interactive filing data relative to the  
20 standards of international counterparts.

21 **SEC. 703. REPORT TO CONGRESS.**

22 Not later than one year after the date of enactment  
23 of this Act, the Commission shall provide the Committee  
24 on Financial Services of the House of Representatives and

1 the Committee on Banking, Housing, and Urban Affairs  
2 of the Senate a report regarding—

3 (1) the progress in implementing XBRL report-  
4 ing within the Commission;

5 (2) the use of XBRL data by Commission offi-  
6 cials;

7 (3) the use of XBRL data by investors;

8 (4) the results of the analysis required by sec-  
9 tion 702; and

10 (5) any additional information the Commission  
11 considers relevant for increasing transparency, de-  
12 creasing costs, and increasing efficiency of regu-  
13 latory filings with the Commission.

14 **SEC. 704. DEFINITIONS.**

15 As used in this title, the terms “Commission”,  
16 “emerging growth company”, “issuer”, and “securities  
17 laws” have the meanings given such terms in section 3  
18 of the Securities Exchange Act of 1934 (15 U.S.C. 78e).

1 **TITLE VIII—RESTORING PROVEN**  
2 **FINANCING FOR AMERICAN**  
3 **EMPLOYERS ACT**

4 **SEC. 801. RULES OF CONSTRUCTION RELATING TO**  
5 **COLLATERALIZED LOAN OBLIGATIONS.**

6 Section 13(g) of the Bank Holding Company Act of  
7 1956 (12 U.S.C. 1851(g)) is amended by adding at the  
8 end the following new paragraphs:

9 “(4) COLLATERALIZED LOAN OBLIGATIONS.—

10 “(A) INAPPLICABILITY TO CERTAIN  
11 COLLATERALIZED LOAN OBLIGATIONS.—Noth-  
12 ing in this section shall be construed to require  
13 the divestiture, prior to July 21, 2017, of any  
14 debt securities of collateralized loan obligations,  
15 if such debt securities were issued before Janu-  
16 ary 31, 2014.

17 “(B) OWNERSHIP INTEREST WITH RE-  
18 SPECT TO COLLATERALIZED LOAN OBLIGA-  
19 TIONS.—A banking entity shall not be consid-  
20 ered to have an ownership interest in a  
21 collateralized loan obligation because it ac-  
22 quires, has acquired, or retains a debt security  
23 in such collateralized loan obligation if the debt  
24 security has no indicia of ownership other than  
25 the right of the banking entity to participate in

1 the removal for cause, or in the selection of a  
2 replacement after removal for cause or resigna-  
3 tion, of an investment manager or investment  
4 adviser of the collateralized loan obligation.

5 “(C) DEFINITIONS.—For purposes of this  
6 paragraph:

7 “(i) COLLATERALIZED LOAN OBLIGA-  
8 TION.—The term ‘collateralized loan obli-  
9 gation’ means any issuing entity of an  
10 asset-backed security, as defined in section  
11 3(a)(77) of the Securities Exchange Act of  
12 1934 (15 U.S.C. 78c(a)(77)), that is com-  
13 prised primarily of commercial loans.

14 “(ii) REMOVAL FOR CAUSE.—An in-  
15 vestment manager or investment adviser  
16 shall be deemed to be removed ‘for cause’  
17 if the investment manager or investment  
18 adviser is removed as a result of—

19 “(I) a breach of a material term  
20 of the applicable management or advi-  
21 sory agreement or the agreement gov-  
22 erning the collateralized loan obliga-  
23 tion;

24 “(II) the inability of the invest-  
25 ment manager or investment adviser

1 to continue to perform its obligations  
2 under any such agreement;

3 “(III) any other action or inac-  
4 tion by the investment manager or in-  
5 vestment adviser that has or could  
6 reasonably be expected to have a ma-  
7 terially adverse effect on the  
8 collateralized loan obligation, if the in-  
9 vestment manager or investment ad-  
10 viser fails to cure or take reasonable  
11 steps to cure such effect within a rea-  
12 sonable time; or

13 “(IV) a comparable event or cir-  
14 cumstance that threatens, or could  
15 reasonably be expected to threaten,  
16 the interests of holders of the debt se-  
17 curities.”.

## 18 **TITLE IX—SBIC ADVISERS** 19 **RELIEF ACT**

### 20 **SEC. 901. ADVISERS OF SBICS AND VENTURE CAPITAL** 21 **FUNDS.**

22 Section 203(l) of the Investment Advisers Act of  
23 1940 (15 U.S.C. 80b–3(l)) is amended—

24 (1) by striking “No investment adviser” and in-  
25 serting the following:

1           “(1) IN GENERAL.—No investment adviser”;  
2           and

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

4           “(2) ADVISERS OF SBICS.—For purposes of this  
5           subsection, a venture capital fund includes an entity  
6           described in subparagraph (A), (B), or (C) of sub-  
7           section (b)(7) (other than an entity that has elected  
8           to be regulated or is regulated as a business develop-  
9           ment company pursuant to section 54 of the Invest-  
10          ment Company Act of 1940).”.

11 **SEC. 902. ADVISERS OF SBICS AND PRIVATE FUNDS.**

12          Section 203(m) of the Investment Advisers Act of  
13 1940 (15 U.S.C. 80b–3(m)) is amended by adding at the  
14 end the following:

15           “(3) ADVISERS OF SBICS.—For purposes of this  
16           subsection, the assets under management of a pri-  
17           vate fund that is an entity described in subpara-  
18           graph (A), (B), or (C) of subsection (b)(7) (other  
19           than an entity that has elected to be regulated or is  
20           regulated as a business development company pursu-  
21           ant to section 54 of the Investment Company Act of  
22           1940) shall be excluded from the limit set forth in  
23           paragraph (1).”.

1 **SEC. 903. RELATIONSHIP TO STATE LAW.**

2 Section 203A(b)(1) of the Investment Advisers Act  
3 of 1940 (15 U.S.C. 80b-3a(b)(1)) is amended—

4 (1) in subparagraph (A), by striking “or” at  
5 the end;

6 (2) in subparagraph (B), by striking the period  
7 at the end and inserting “; or”; and

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

9 “(C) that is not registered under section  
10 203 because that person is exempt from reg-  
11 istration as provided in subsection (b)(7) of  
12 such section, or is a supervised person of such  
13 person.”.

14 **TITLE X—DISCLOSURE MOD-**  
15 **ERNIZATION AND SIM-**  
16 **PLIFICATION ACT**

17 **SEC. 1001. SUMMARY PAGE FOR FORM 10-K.**

18 Not later than the end of the 180-day period begin-  
19 ning on the date of the enactment of this Act, the Securi-  
20 ties and Exchange Commission shall issue regulations to  
21 permit issuers to submit a summary page on form 10-  
22 K (17 C.F.R. 249.310), but only if each item on such  
23 summary page includes a cross-reference (by electronic  
24 link or otherwise) to the material contained in form 10-  
25 K to which such item relates.

1 **SEC. 1002. IMPROVEMENT OF REGULATION S-K.**

2 Not later than the end of the 180-day period begin-  
3 ning on the date of the enactment of this Act, the Securi-  
4 ties and Exchange Commission shall take all such actions  
5 to revise regulation S-K (17 C.F.R. 229.10 et seq.)—

6 (1) to further scale or eliminate requirements of  
7 regulation S-K, in order to reduce the burden on  
8 emerging growth companies, accelerated filers,  
9 smaller reporting companies, and other smaller  
10 issuers, while still providing all material information  
11 to investors;

12 (2) to eliminate provisions of regulation S-K,  
13 required for all issuers, that are duplicative, overlap-  
14 ping, outdated, or unnecessary; and

15 (3) for which the Commission determines that  
16 no further study under section 1003 is necessary to  
17 determine the efficacy of such revisions to regulation  
18 S-K.

19 **SEC. 1003. STUDY ON MODERNIZATION AND SIMPLIFICA-**  
20 **TION OF REGULATION S-K.**

21 (a) STUDY.—The Securities and Exchange Commis-  
22 sion shall carry out a study of the requirements contained  
23 in regulation S-K (17 C.F.R. 229.10 et seq.). Such study  
24 shall—

25 (1) determine how best to modernize and sim-  
26 plify such requirements in a manner that reduces

1 the costs and burdens on issuers while still providing  
2 all material information;

3 (2) emphasize a company by company approach  
4 that allows relevant and material information to be  
5 disseminated to investors without boilerplate lan-  
6 guage or static requirements while preserving com-  
7 pleteness and comparability of information across  
8 registrants; and

9 (3) evaluate methods of information delivery  
10 and presentation and explore methods for discour-  
11 aging repetition and the disclosure of immaterial in-  
12 formation.

13 (b) CONSULTATION.—In conducting the study re-  
14 quired under subsection (a), the Commission shall consult  
15 with the Investor Advisory Committee and the Advisory  
16 Committee on Small and Emerging Companies.

17 (c) REPORT.—Not later than the end of the 360-day  
18 period beginning on the date of enactment of this Act, the  
19 Commission shall issue a report to the Congress con-  
20 taining—

21 (1) all findings and determinations made in car-  
22 rying out the study required under subsection (a);

23 (2) specific and detailed recommendations on  
24 modernizing and simplifying the requirements in  
25 regulation S–K in a manner that reduces the costs

1 and burdens on companies while still providing all  
2 material information; and

3 (3) specific and detailed recommendations on  
4 ways to improve the readability and navigability of  
5 disclosure documents and to discourage repetition  
6 and the disclosure of immaterial information.

7 (d) RULEMAKING.—Not later than the end of the  
8 360-day period beginning on the date that the report is  
9 issued to the Congress under subsection (c), the Commis-  
10 sion shall issue a proposed rule to implement the rec-  
11 ommendations of the report issued under subsection (c).

12 (e) RULE OF CONSTRUCTION.—Revisions made to  
13 regulation S–K by the Commission under section 1002  
14 shall not be construed as satisfying the rulemaking re-  
15 quirements under this section.

## 16 **TITLE XI—ENCOURAGING** 17 **EMPLOYEE OWNERSHIP ACT**

### 18 **SEC. 1101. INCREASED THRESHOLD FOR DISCLOSURES RE-** 19 **LATING TO COMPENSATORY BENEFIT PLANS.**

20 Not later than 60 days after the date of the enact-  
21 ment of this Act, the Securities and Exchange Commission  
22 shall revise section 230.701(e) of title 17, Code of Federal  
23 Regulations, so as to increase from \$5,000,000 to  
24 \$10,000,000 the aggregate sales price or amount of secu-  
25 rities sold during any consecutive 12-month period in ex-

1 cess of which the issuer is required under such section to  
2 deliver an additional disclosure to investors. The Commis-  
3 sion shall index for inflation such aggregate sales price  
4 or amount every 5 years to reflect the change in the Con-  
5 sumer Price Index for All Urban Consumers published by  
6 the Bureau of Labor Statistics, rounding to the nearest  
7 \$1,000,000.

○