

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 2357) TO DIRECT THE SECURITIES AND EXCHANGE COMMISSION TO REVISE FORM S-3 SO AS TO ADD LISTING AND REGISTRATION OF A CLASS OF COMMON EQUITY SECURITIES ON A NATIONAL SECURITIES EXCHANGE AS AN ADDITIONAL BASIS FOR SATISFYING THE REQUIREMENTS OF GENERAL INSTRUCTION I.B.1. OF SUCH FORM AND TO REMOVE SUCH LISTING AND REGISTRATION AS A REQUIREMENT OF GENERAL INSTRUCTION I.B.6. OF SUCH FORM, AND PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 5424) TO AMEND THE INVESTMENT ADVISERS ACT OF 1940 AND TO DIRECT THE SECURITIES AND EXCHANGE COMMISSION TO AMEND ITS RULES TO MODERNIZE CERTAIN REQUIREMENTS RELATING TO INVESTMENT ADVISERS, AND FOR OTHER PURPOSES

SEPTEMBER 6, 2016.—Referred to the House Calendar and ordered to be printed

Mr. SESSIONS, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 844]

The Committee on Rules, having had under consideration House Resolution 844, by a record vote of 9 to 2, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 2357, the Accelerating Access to Capital Act of 2015, under a structured rule. The resolution provides one hour of general debate equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution makes in order as original text for the purpose of amendment an amendment in the nature of a substitute consisting of the text of Rules Committee Print 114-62 and provides that it shall be considered as read. The resolution waives all points of order against that amendment in the nature of a substitute. The resolution makes in order only those further amendments printed in part A of this report. Each such amendment may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and

shall not be subject to a demand for division of the question. The resolution waives all points of order against the amendments printed in part A of this report. The resolution provides one motion to recommit with or without instructions.

Section 2 of the resolution provides for consideration of H.R. 5424, the Investment Advisers Modernization Act of 2016, under a structured rule. The resolution provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill shall be considered as adopted, and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution makes in order only the further amendment printed in part B of this report, if offered by the Member designated in this report, which shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question. The resolution waives all points of order against the amendment printed in part B of this report. The resolution provides for one motion to recommit with or without instructions.

EXPLANATION OF WAIVERS

Although the resolution waives all points of order against consideration of H.R. 2357, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

The waiver of all points of order against the amendment in the nature of a substitute to H.R. 2357 made in order as original text includes a waiver of clause 7 of rule XVI, which requires that no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

Although the resolution waives all points of order against the amendments printed in part A of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

The waiver of all points of order against consideration of H.R. 5424 includes a waiver of clause 3(e)(1) of rule XIII (“Ramseyer”), requiring a committee report accompanying a bill amending or repealing statutes to show, by typographical device, parts of statute affected. The waiver is provided because the submission provided by the Committee on Financial Services was insufficient to meet the standards established by the rule in its current form. The Committee on Rules continues to work with the House Office of Legislative Counsel and committees to determine the steps necessary to comply with the updated rule.

Although the resolution waives all points of order against provisions in H.R. 5424, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendment printed in part B of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 204

Motion by Ms. Foxx to report the rule. Adopted: 9–2

Majority Members	Vote	Minority Members	Vote
Ms. Foxx	Yea	Ms. Slaughter
Mr. Cole	Yea	Mr. McGovern	Nay
Mr. Woodall	Yea	Mr. Hastings of Florida	Nay
Mr. Burgess	Yea	Mr. Polis
Mr. Stivers	Yea		
Mr. Collins	Yea		
Mr. Byrne	Yea		
Mr. Newhouse	Yea		
Mr. Sessions, Chairman	Yea		

SUMMARY OF THE AMENDMENTS TO H.R. 2357 IN PART A MADE IN ORDER

1. DeSantis (FL): Requires companies to publically disclose if they engage in business within Iran or with the Government of Iran. (10 minutes)

2. Hinojosa (TX): Limits unaccredited investor purchasers to 35, and limits the amount they may invest to \$5,000. Issuers of exempted securities must provide updated disclosure documents to purchasers. (10 minutes)

SUMMARY OF THE AMENDMENT TO H.R. 5424 IN PART B MADE IN ORDER

Foster (IL): Removes provisions related to brochure delivery and the requirement for annual audits at select private funds. (10 minutes)

PART A—TEXT OF AMENDMENTS MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE DESANTIS OF FLORIDA OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 1, line 7, strike “Not later” and insert “(a) IN GENERAL.—Not later”.

Page 2, after line 6, insert the following:

(b) ISSUERS CONDUCTING BUSINESS ACTIVITIES IN IRAN.—Not later than 45 days after the date of the enactment of this Act, the Securities and Exchange Commission shall require any issuer that registers its securities under the Securities Act of 1933 (15 U.S.C. 77a et seq.) to indicate on the registration statement whether or not such issuer is an issuer that—

- (1) does business in Iran; or
- (2) engages in transactions with—
 - (A) the Government of Iran; or
 - (B) any entity that is organized under the laws of Iran.

2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HINOJOSA OF TEXAS OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 3, strike lines 4 through 10, and insert the following:

“(B) LIMITATIONS ON NON-ACCREDITED INVESTORS.—With respect to non-accredited investors—

“(i) there are no more than 35, or the issuer reasonably believes that there are no more than 35, non-accredited investor purchasers of securities from the issuer that are sold in reliance on the exemption provided under subsection (a)(8) during the 12-month period preceding such transaction; and

“(ii) the amount that any non-accredited investor purchases of such securities does not exceed \$5,000.”.

Page 5, line 8, strike the quotation marks and following period and insert after such line the following:

“(3) DISCLOSURE REQUIREMENT.—

“(A) IN GENERAL.—With respect to any actual or potential purchasers of a security sold in reliance on the exemption provided under subsection (a)(8), the issuer of such security shall provide such purchasers with a disclosure document containing the material elements of the offering.

“(B) UPDATE REQUIREMENT.—An issuer shall update the disclosure document described under subparagraph (A), and provide such updated disclosure document to purchasers, if a material change occurs before the purchase is completed or the offering ends.

“(C) TREATMENT OF FINANCIAL STATEMENTS OR PROJECTIONS.—An issuer shall not be required to provide financial statements or projections in the disclosure document described under subparagraph (A), but, if the issuer provides any financial statement or projection to any actual or potential purchaser, the issuer shall provide such financial statement or projection to all actual or potential purchasers.

“(4) TREATMENT AS RESTRICTED SECURITIES.—Securities sold in reliance on the exemption under subsection (a)(8) shall be deemed to be restricted securities within the meaning of Rule 144 (17 C.F.R. 230.144).

“(5) FORM D REQUIREMENT.—The Commission shall require the issuer of any security sold in reliance on the exemption provided under subsection (a)(8) to comply with the filing requirements for Form D.”.

PART B—TEXT OF AMENDMENT MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE FOSTER OF ILLINOIS OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 6, strike line 14 and all that follows through page 7, line 5.

Page 7, strike line 18 and all that follows through “Consistent with” on page 9, line 16, and insert “Regulations, consistent with”.

Page 9, beginning on line 20, strike “the Commission shall,”.

Page 9, line 23, insert “, so as to” after “such section”.

