

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 477) TO AMEND THE SECURITIES EXCHANGE ACT OF 1934 TO EXEMPT FROM REGISTRATION BROKERS PERFORMING SERVICES IN CONNECTION WITH THE TRANSFER OF OWNERSHIP OF SMALLER PRIVATELY HELD COMPANIES; PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 3971) TO AMEND THE TRUTH IN LENDING ACT AND THE REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974 TO MODIFY THE REQUIREMENTS FOR COMMUNITY FINANCIAL INSTITUTIONS WITH RESPECT TO CERTAIN RULES RELATING TO MORTGAGE LOANS, AND FOR OTHER PURPOSES; AND PROVIDING FOR CONSIDERATION OF THE JOINT RESOLUTION (H.J. RES. 123) MAKING FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2018, AND FOR OTHER PURPOSES

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DECEMBER 6, 2017.—Referred to the House Calendar and ordered to be printed

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

## R E P O R T

[To accompany H. Res. 647]

The Committee on Rules, having had under consideration House Resolution 647, by a record vote of 8 to 4, 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. 477, the Small Business Mergers, Acquisitions, Sales, and Brokerage Simplification Act of 2017, 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 an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115-43 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 A 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 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. 3971, the Community Institution Mortgage Relief Act of 2017, 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 an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115-44 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.

Section 3 of the resolution provides for consideration of H.J. Res. 123, Making further continuing appropriations for fiscal year 2018, and for other purposes, under a closed rule. The resolution provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Appropriations. The resolution waives all points of order against consideration of the joint resolution. The resolution provides that the joint resolution shall be considered as read. The resolution waives all points of order against provisions in the joint resolution. The resolution provides one motion to recommit.

#### EXPLANATION OF WAIVERS

Although the resolution waives all points of order against consideration of H.R. 477, 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 provisions in H.R. 477, 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 to H.R. 477 printed in part A of this report, 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 consideration of H.R. 3971, 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 provisions in H.R. 3971, 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 to H.R. 3971 printed in part B 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.J. Res. 123 includes a waiver of the following:

- Section 302(f) of the Congressional Budget Act, which prohibits consideration of legislation providing new budget authority in excess of a 302(a) allocation of such authority;
- Section 311 of the Congressional Budget Act, which prohibits consideration of legislation that would cause the level of total new budget authority for the first fiscal year to be exceeded; and
- Section 314 of the Congressional Budget Act, which prohibits the consideration of legislation that provides budget authority for a fiscal year that exceeds either of the discretionary statutory spending limits.

Although the resolution waives all points of order against provisions in H.J. Res. 123, 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. 160*

Motion by Mr. Polis to make in order and provide the appropriate waivers to amendment #1, offered by Rep. Polis (CO) and Rep. Gallego (AZ), which inserts the text of the Bears Ears National Monument Expansion Act, in order to protect the original acreage identified by the tribes as housing culturally sensitive artifacts and sacred land and allow 20 minutes of debate; and make in order and provide the necessary waivers to amendment #2, offered by Rep. Polis (CO), which inserts the text of the DREAM Act, allowing DACA beneficiaries to earn lawful permanent residence by completing education, work, or military requirements, ultimately providing a pathway to citizenship and allow 2 hours of debate. Defeated: 4–8

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

##### *Rules Committee record vote No. 161*

Motion by Mr. Cole to report the rule. Adopted: 8–4

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

Majority Members	Vote	Minority Members	Vote
Mr. Buck .....	Yea		
Ms. Cheney .....	Yea		
Mr. Sessions, Chairman .....	Yea		

SUMMARY OF THE AMENDMENT TO H.R. 477 IN PART A MADE IN ORDER

1. Sherman (CA), Huizenga (MI): Makes several changes that provide additional protections for investors and small businesses, which will align the bill with a Securities and Exchange Commission no-action letter issued January 31, 2014. Specifically the amendment includes provisions that would prohibit passive buyers in the M&A transaction, prohibit M&A brokers from binding a party to a transfer of ownership, prohibit M&A brokers from providing financing for the transfer, and require M&A brokers that represent both the buyer and seller to disclose that to both parties and receive written consent. (10 minutes)

SUMMARY OF THE AMENDMENT TO H.R. 3971 IN PART B MADE IN ORDER

1. Sherman (CA): Lowers the amount of consolidated assets of a creditor eligible for the safe harbor from escrow requirements in the bill from \$25,000,000,000 or less to \$10,000,000,000 or less; lowers the number of loans that a mortgage servicer eligible for exemptions and adjustments from the Bureau can service annually from 30,000 or fewer mortgage loans to 20,000 or fewer mortgage loans. (10 minutes)

PART A—TEXT OF AMENDMENT TO H.R. 477 MADE IN ORDER

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

Page 2, line 18, strike “public”.

Page 2, line 19, insert before the period the following “, other than a business combination related shell company”.

Page 2, after line 19, insert the following:

(iv) Directly, or indirectly through any of its affiliates, provides financing related to the transfer of ownership of an eligible privately held company.

(v) Assists any party to obtain financing from an unaffiliated third party without—

(I) complying with all other applicable laws in connection with such assistance, including, if applicable, Regulation T (12 C.F.R. 220 et seq.); and

(II) disclosing any compensation in writing to the party.

(vi) Represents both the buyer and the seller in the same transaction without providing clear written disclosure as to the parties the broker represents and obtaining written consent from both parties to the joint representation.

(vii) Facilitates a transaction with a group of buyers formed with the assistance of the M&A broker to acquire the eligible privately held company.

(viii) Engages in a transaction involving the transfer of ownership of an eligible privately held company to a passive buyer or group of passive buyers. For purposes of the preceding sentence, a buyer that is actively involved in managing the acquired company is not a passive buyer, regardless of whether such buyer is itself owned by passive beneficial owners.

(ix) Binds a party to a transfer of ownership of an eligible privately held company.

Page 3, after line 16, insert the following (and redesignate subsequent clauses accordingly):

“(i) BUSINESS COMBINATION RELATED SHELL COMPANY.—The term ‘business combination related shell company’ means a shell company that is formed by an entity that is not a shell company—

“(I) solely for the purpose of changing the corporate domicile of that entity solely within the United States; or

“(II) solely for the purpose of completing a business combination transaction (as defined under section 230.165(f) of title 17, Code of Federal Regulations) among one or more entities other than the company itself, none of which is a shell company.”.

Page 4, line 1, strike “officer exercising” and insert “corporate officer of a corporation or limited liability company, and exercises”.

Page 4, line 4, strike “20” and insert “25”.

Page 4, line 7, strike “20” and insert “25”.

Page 4, line 12, strike “20” and insert “25”.

Page 5, after line 18, insert the following flush-left text: “For purposes of this subclause, the Commission may by rule modify the dollar figures if the Commission determines that such a modification is necessary or appropriate in the public interest or for the protection of investors.”.

Page 7, strike lines 15 through 25 and insert the following:

“(v) SHELL COMPANY.—The term ‘shell company’ means a company that at the time of a transaction with an eligible privately held company—

“(I) has no or nominal operations; and

“(II) has—”.

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PART B—TEXT OF AMENDMENT TO H.R. 3971 MADE IN ORDER

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

Page 1, line 16, strike “\$25,000,000,000” and insert “\$10,000,000,000”.

Page 2, line 20, strike “30,000” and insert “20,000”.