118TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
118–407

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 2799) TO MAKE REFORMS TO THE CAPITAL MARKETS OF THE UNITED STATES, AND FOR OTHER PURPOSES, AND PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 7511) TO REQUIRE THE SECRETARY OF HOMELAND SECURITY TO TAKE INTO CUSTODY ALIENS WHO HAVE BEEN CHARGED IN THE UNITED STATES WITH THEFT, AND FOR OTHER PURPOSES

MARCH 5, 2024.—Referred to the House Calendar and ordered to be printed

Mrs. HOUCHIN, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 1052]

The Committee on Rules, having had under consideration House Resolution 1052, by a record vote of 9 to 3, 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. 2799, the Expanding Access to Capital Act of 2023, under a structured rule. The resolution waives all points of order against consideration of the bill. 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 or their respective designees. The resolution provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill, modified by the amendment printed in part A of the report, 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 those further amendments printed in part B of the report. Each amendment shall be considered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the 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 B of the report. The resolution provides for one motion to recommit. The resolution further provides

for consideration of H.R. 7511, the Laken Riley Act, under a closed rule. The resolution waives all points of order against consideration of the bill. The resolution provides that the bill shall be considered as read. The resolution waives all points of order against provisions in the bill. The resolution provides one hour of general debate equally divided and controlled by the chair and ranking minority member of the Committee on the Judiciary or their respective designees. The resolution provides for one motion to recommit.

EXPLANATION OF WAIVERS

Although the resolution waives all points of order against consideration of H.R. 2799, 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. 2799, 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 amendments printed in part B of the 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. 7511 includes:

—Clause 12 of rule XXI, which prohibits consideration of a bill pursuant to a special order of business reported by the Committee on Rules that has not been reported by a committee.

Although the resolution waives all points of order against provisions in H.R. 7511, 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. 203

Motion by Mr. McGovern to amend the rule to make in order amendment #21 to H.R. 2799, offered by Representative Pettersen, which limits exemptions or benefits provided under this act to only apply to companies that have not been convicted of a violation of securities laws. Defeated: 3–9

Majority Members	Vote	Minority Members	Vote
Mr. Burgess	Nay	Mr. McGovern	Yea
Mr. Reschenthaler	Nay	Ms. Scanlon	Yea
Mrs. Fischbach	Nay	Mr. Neguse	
Mr. Massie	Nay	Ms. Leger Fernandez	Yea
Mr. Norman	Nay		
Mrs. Houchin	Nay		
Mr. Langworthy	Nay		
Mr. Cole, Chairman	Nay		

Rules Committee Record Vote No. 204

Motion by Mrs. Houchin to report the rule. Adopted: 9–3

Majority Members	Vote	Minority Members	Vote
Mr. Burgess	Yea	Mr. McGovern	Nay
Mr. Reschenthaler	Yea	Ms. Scanlon	Nay

Majority Members	Vote	Minority Members	Vote
Mrs. Fischbach	Yea	Mr. Neguse	
Mr. Massie	Yea	Ms. Leger Fernandez	Nay
Mr. Norman	Yea		
Mr. Roy	Yea		
Mrs. Houchin	Yea		
Mr. Langworthy	Yea		
Mr. Cole, Chairman	Yea		

SUMMARY OF THE AMENDMENT TO H.R. 2799 IN PART A CONSIDERED AS ADOPTED

1. McHenry (NC): Strikes title VII. Makes technical corrections to the reported bill, including striking section 3103.

SUMMARY OF THE AMENDMENTS TO H.R. 2799 IN PART B MADE IN ORDER

1. Lawler (NY), Gottheimer (NJ): Clarifies the definition of "general solicitation" and "angel investor" for purposes of the federal securities laws to ensure that startups can discuss their products and business plans at certain events, known as "demo days." (10 minutes)

2. Huizenga (MI), Auchincloss (MA), Nickel (NC), Steil (WI): Directs the Securities and Exchange Commission to promulgate rules with respect to the electronic delivery of certain required disclosures to investors. (10 minutes)

3. Lucas (OK), Gottheimer (NJ), Foster (IL): Amends Federal securities laws to allow 403(b) plans to invest in collective investment trusts (CITs) and insurance contracts that currently may be invested in by comparable retirement plans, such as 401(k)s. (10 minutes)

4. Wagner (MO), Meeks (NY), Nickel (NC), Scott, David (GA): Allows a closed-end investment company, an entity that invests in securities using money raised in its initial public offering, to invest its assets in securities issued by private funds. (10 minutes)

5. Sherman (CA): Allows an individual to invest not more than 5 percent of the net worth of the individual excluding the individual's primary residence in any one private offering. Limits the aggregate investment of the individual in private offerings to 25 percent of the net worth of the individual excluding the individual's primary residence. (10 minutes)

6. Houlahan (PA): Requires the Advocate for Small Business Capital Formation to include in its report to Congress and the SEC [Sec. 2603(b)] the effects of the failure of Silicon Valley Bank on community banks and small business lending. (10 minutes)

7. Tlaib (MI): Ensures exemptions or benefits provided by H.R. 2799 may only apply to companies that do not impose junk fees on customers. (10 minutes)

8. Lynch (MA): Provides that the Act will take effect only when the SEC, in consultation with State securities regulators, certifies to Congress that nothing in the Act will increase fraud. (10 minutes)

9. Waters (CA): Requires any investment adviser, private fund, or an investment company that is subject to the bill to annually and publicly disclose their investments into women-owned, minor-

ity-owned, veteran-owned, rural-domiciled, and other businesses. (10 minutes)

PART A—TEXT OF AMENDMENT TO H.R. 2799 CONSIDERED AS ADOPTED

In division A, strike title VII.

Page 28, beginning on line 11, strike "to the extent such revisions facilitate" and insert "in a manner that facilitates".

Page 35, line 3, strike "and".

Page 35, line 5, strike the period and insert "; and".

Page 35, after line 5, insert the following:

(4) in section 18(b)(4)(A), by striking "section 4" and inserting "section 4(a)".

Strike section 3103.

PART B—TEXT OF AMENDMENTS TO H.R. 2799 MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE LAWLER OF NEW YORK OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Add at the end the following:

DIVISION D—HELPING ANGELS LEAD OUR STARTUPS

SEC. 4001. CLARIFICATION OF GENERAL SOLICITATION.

(a) DEFINITIONS.—For purposes of this section and the revision of rules required under this section:

(1) ANGEL INVESTOR GROUP.—The term "angel investor group" means any group that—

(A) is composed of accredited investors interested in investing personal capital in early-stage companies;

(B) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(C) is neither associated nor affiliated with brokers, dealers, or investment advisers.

(2) ISSUER.—The term "issuer" means an issuer that is a business, is not in bankruptcy or receivership, is not an investment company, and is not a blank check, blind pool, or shell company.

(b) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D (17 CFR 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(c) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, the District of Columbia, any State, a political subdivision of any State or territory, or any agency or public instrumentality of any of the foregoing;

(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

(F) any other group, person, or entity as the Securities and Exchange Commission may determine by rule;

(2) where any advertising for the event does not reference any specific offering of securities by the issuer;

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

(B) does not engage in an active role in any investment negotiations between the issuer and investors attending the event;

(C) does not charge event attendees any fees other than reasonable administrative fees;

(D) does not receive any compensation for making introductions between investors attending the event and issuers, or for investment negotiations between such parties;

(E) makes readily available to attendees a disclosure not longer than one page in length, as prescribed by the Securities and Exchange Commission, describing the nature of the event and the risks of investing in the issuers presenting at the event; and

(F) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of 1934, or as an investment advisor under the Investment Advisers Act of 1940; and

(4) where no specific information regarding an offering of securities by the issuer is communicated or distributed by or on behalf of the issuer, other than—

(A) that the issuer is in the process of offering securities or planning to offer securities;

(B) the type and amount of securities being offered;

(C) the amount of securities being offered that have already been subscribed for; and

(D) the intended use of proceeds of the offering.

(c) RULE OF CONSTRUCTION.—Subsection (b) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

(d) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP BY REASON OF EVENT.—Attendance at an event described under subsection (b) shall not qualify, by itself, as establishing a pre-existing substantive relationship between an issuer and a purchaser, for purposes of Rule 506(b).

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

Add at the end the following:

DIVISION D—IMPROVING DISCLOSURE FOR INVESTORS

SEC. 4001. SHORT TITLE.

This division may be cited as the "Improving Disclosure for Investors Act of 2024".

SEC. 4002. ELECTRONIC DELIVERY.

(a) PROMULGATION OF RULES.—Not later than 180 days after the date of the enactment of this section, the Securities and Exchange Commission shall propose and, not later than 1 year after the date of the enactment of this section, the Commission shall finalize, rules, regulations, amendments, or interpretations, as appropriate, to allow a covered entity to satisfy the entity's obligation to deliver regulatory documents required under the securities laws to investors using electronic delivery.

(b) REQUIRED PROVISIONS.—Rules, regulations, amendments, or interpretations the Commission promulgates pursuant to subsection (a) shall:

(1) With respect to investors that do not receive all regulatory documents by electronic delivery, provide for—

(A) delivery of an initial communication in paper form regarding electronic delivery;

(B) a transition period not to exceed 180 days until such regulatory documents are delivered to such investors by electronic delivery; and

(C) during a period not to exceed 2 years following the transition period set forth in subparagraph (B), delivery of an annual notice in paper form solely reminding such investors of the ability to opt out of electronic delivery at any time and receive paper versions of regulatory documents.

(2) Set forth requirements for the content of the initial communication described in paragraph (1)(A).

(3) Set forth requirements for the timing of delivery of a notice of website availability of regulatory documents and the content of the appropriate notice described in subsection (h)(3)(B).

(4) Provide a mechanism for investors to opt out of electronic delivery at any time and receive paper versions of regulatory documents.

(5) Require measures reasonably designed to identify and remediate failed electronic deliveries of regulatory documents.

(6) Set forth minimum requirements regarding readability and retainability for regulatory documents that are delivered electronically.

(7) For covered entities other than brokers, dealers, investment advisers registered with the Commission, and investment companies, require measures reasonably designed to ensure the confidentiality of personal information in regulatory documents that are delivered to investors electronically.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as altering the substance or timing of any regulatory document obligation under the securities laws or regulations of a self-regulatory organization.

(d) TREATMENT OF REVISIONS NOT COMPLETED IN A TIMELY MANNER.—If the Commission fails to finalize the rules, regulations, amendments, or interpretations required under subsection (a) before the date specified in such subsection—

(1) a covered entity may deliver regulatory documents using electronic delivery in accordance with subsections (b) and (c); and

(2) such electronic delivery shall be deemed to satisfy the obligation of the covered entity to deliver regulatory documents required under the securities laws.

(e) OTHER REQUIRED ACTIONS.—

(1) REVIEW OF RULES.—The Commission shall—

(A) within 180 days of the date of enactment of this Act, conduct a review of the rules and regulations of the Commission to determine whether any such rules or regulations require delivery of written documents to investors; and

(B) within 1 year of the date of enactment of this Act, promulgate amendments to such rules or regulations to provide that any requirement to deliver a regulatory document "in writing" may be satisfied by electronic delivery.

(2) ACTIONS BY SELF-REGULATORY ORGANIZATIONS.—Each self-regulatory organization shall adopt rules and regulations, or amend the rules and regulations of the self-regulatory organization, consistent with this Act and consistent with rules, regulations, amendments, or interpretations finalized by the Commission pursuant to subsection (a).

(3) RULE OF APPLICATION.—This subsection shall not apply to a rule or regulation issued pursuant to a Federal statute if that Federal statute specifically requires delivery of written documents to investors.

(f) DEFINITIONS.—In this section:

(1) COMMISSION.—The term "Commission" means the Securities and Exchange Commission.

(2) COVERED ENTITY.—The term "covered entity" means—

(A) an investment company (as defined in section 3(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a)(1))) that is registered under such Act;

(B) a business development company (as defined in section 2(a) the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) that has elected to be regulated as such under such Act;

(C) a registered broker or dealer (as defined in section 3(a)(4) and section 3(a)(5) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(4) & 78c(a)(5));

(D) a registered municipal securities dealer (as defined in section 3(a)(30) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(30));

(E) a registered government securities broker or government securities dealer (as defined in section 3(a)(43) and

section 3(a)(44) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(43) & 78c(a)(44));

(F) a registered investment adviser (as defined in section 202(a)(11) of the Investment Advisers Act of 1940) (15 U.S.C. 80b–1(a)(11));

(G) a registered transfer agent (as defined in section 3(a)(25) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(25)); or

(H) a registered funding portal (as defined in the second paragraph (80) of section 3(a) of the Securities Exchange Act of 1934) (15 U.S.C. 78c(a)(80)).

(3) ELECTRONIC DELIVERY.—The term "electronic delivery", with respect to regulatory documents, includes—

(A) the direct delivery of such regulatory document to an electronic address of an investor;

(B) the posting of such regulatory document to a website and direct electronic delivery of an appropriate notice of the availability of the regulatory document to the investor; and

(C) an electronic method reasonably designed to ensure receipt of such regulatory document by the investor.

(4) REGULATORY DOCUMENTS.—The term "regulatory documents" includes—

(A) prospectuses meeting the requirements of section 10(a) of the Securities Act of 1933 (15 U.S.C. 77j(a));

(B) summary prospectuses meeting the requirements of—

(i) section 230.498 of title 17, Code of Federal Regulations; or

(ii) section 230.498A of title 17, Code of Federal Regulations;

(C) statements of additional information, as described under section 270.30e–3(h)(3) of title 17, Code of Federal Regulations;

(D) annual and semi-annual reports to investors meeting the requirements of section 30(e) of the Investment Company Act of 1940 (15 U.S.C. 80a–29(e));

(E) notices meeting the requirements under section 270.19a–1 of title 17, Code of Federal Regulations;

(F) confirmations and account statements meeting the requirements under section 240.10b–10 of title 17, Code of Federal Regulations;

(G) proxy statements meeting the requirements under section 240.14a–3 of title 17, Code of Federal Regulations;

(H) privacy notices meeting the requirements of Regulation S–P under subpart A of part 248 of title 17, Code of Federal Regulations;

(I) affiliate marketing notices meeting the requirements of Regulation S–AM under subpart B of part 248 of title 17, Code of Federal Regulations; and

(J) all other regulatory documents required to be delivered by covered entities to investors under the securities laws and the rules and regulations of the Commission and the self-regulatory organizations.

(5) SECURITIES LAWS.—The term "securities laws" has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(6) SELF-REGULATORY ORGANIZATION.—The term "self-regulatory organization" means—

(A) a self-regulatory organization, as defined in section 2(a)(26) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(26)); and

(B) the Municipal Securities Rulemaking Board.

(7) WEBSITE.—The term "website" means an internet website or other digital, internet, or electronic-based information repository, such as a mobile application, to which an investor of a covered entity has been provided reasonable access.

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3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE LUCAS OF OKLAHOMA OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Add at the end the following:

DIVISION D—ENHANCEMENT OF 403(b) PLANS

SEC. 4101. SHORT TITLE.

This division may be cited as the "Retirement Fairness for Charities and Educational Institutions Act of 2024".

SEC. 4102. ENHANCEMENT OF 403(b) PLANS.

(a) AMENDMENTS TO THE INVESTMENT COMPANY ACT OF 1940.—Section 3(c)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(11)) is amended to read as follows:

"(11) Any—

"(A) employee's stock bonus, pension, or profit-sharing trust which meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986;

"(B) custodial account meeting the requirements of section 403(b)(7) of such Code;

"(C) governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933;

"(D) collective trust fund maintained by a bank consisting solely of assets of one or more—

"(i) trusts described in subparagraph (A);

"(ii) government plans described in subparagraph (C);

"(iii) church plans, companies, or accounts that are excluded from the definition of an investment company under paragraph (14) of this subsection; or

"(iv) plans which meet the requirements of section 403(b) of the Internal Revenue Code of 1986—

"(I) if—

"(aa) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.);

"(bb) any employer making such plan available agrees to serve as a fiduciary for the plan

with respect to the selection of the plan's investments among which participants can choose; or

"(cc) such plan is a governmental plan (as defined in section 414(d) of such Code); and

"(II) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under such plan described under subclause (I)(cc) prior to the investment being offered to participants in the plan; or

"(E) separate account the assets of which are derived solely from—

"(i) contributions under pension or profit-sharing plans which meet the requirements of section 401 of the Internal Revenue Code of 1986 or the requirements for deduction of the employer's contribution under section 404(a)(2) of such Code;

"(ii) contributions under governmental plans in connection with which interests, participations, or securities are exempted from the registration provisions of section 5 of the Securities Act of 1933 by section 3(a)(2)(C) of such Act;

"(iii) advances made by an insurance company in connection with the operation of such separate account; and

"(iv) contributions to a plan described in clause (iii) or (iv) of subparagraph (D).".

(b) AMENDMENTS TO THE SECURITIES ACT OF 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended—

(1) by striking "beneficiaries, or (D)" and inserting "beneficiaries, (D) a plan which meets the requirements of section 403(b) of such Code (i) if (I) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (II) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose, or (III) such plan is a governmental plan (as defined in section 414(d) of such Code), and (ii) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under any plan described under clause (i)(III) prior to the investment being offered to participants in the plan, or (E)";

(2) by striking "(C), or (D)" and inserting "(C), (D), or (E)"; and

(3) by striking "(iii) which is a plan funded" and all that follows through "retirement income account)." and inserting "(iii) in the case of a plan not described in subparagraph (D) or (E), which is a plan funded by an annuity contract described in section 403(b) of such Code".

(c) AMENDMENTS TO THE SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(12)(C) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)(C)) is amended—

(1) by striking "or (iv)" and inserting "(iv) a plan which meets the requirements of section 403(b) of such Code (I) if (aa) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (bb) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose, or (cc) such plan is a governmental plan (as defined in section 414(d) of such Code), and (II) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under any plan described under subclause (I)(cc) prior to the investment being offered to participants in the plan, or (v)";

(2) by striking "(ii), or (iii)" and inserting "(ii), (iii), or (iv)"; and

(3) by striking "(II) is a plan funded" and inserting "(II) in the case of a plan not described in clause (iv), is a plan funded".

(d) CONFORMING AMENDMENT TO THE SECURITIES EXCHANGE ACT OF 1934.—Section 12(g)(2)(H) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(2)(H)) is amended by striking "or (iii)" and inserting "(iii) a plan described in section 3(a)(12)(C)(iv) of this Act, or (iv)".

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4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE WAGNER OF MISSOURI OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Add at the end the following:

DIVISION D—INCREASING INVESTOR OPPORTUNITIES

SEC. 4001. CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.

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

"(d) CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.—

"(1) IN GENERAL.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act), the Commission may not prohibit or otherwise limit a closed-end company from investing any or all of the assets of the closed-end company in securities issued by private funds.

"(2) OTHER RESTRICTIONS ON COMMISSION AUTHORITY.—

"(A) IN GENERAL.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act) or to the extent permitted by subparagraph (B), the Commission may not impose any condition on, restrict, or otherwise limit—

"(i) the offer to sell, or the sale of, securities issued by a closed-end company that invests, or proposes to invest, in securities issued by private funds; or

"(ii) the listing of the securities of a closed-end company described in clause (i) on a national securities exchange.

"(B) UNRELATED RESTRICTIONS.—The Commission may impose a condition on, restrict, or otherwise limit an activity described in clause (i) or (ii) of subparagraph (A) if that condition, restriction or limitation is unrelated to the underlying characteristics of a private fund or the status of a private fund as a private fund.

"(3) APPLICATION.—Notwithstanding section 6(f), this subsection shall also apply to a closed-end company that elects to be treated as a business development company pursuant to section 54.".

(b) DEFINITION OF PRIVATE FUND.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)) is amended by adding at the end the following:

"(55) The term 'private fund' has the meaning given in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)).".

(c) TREATMENT BY NATIONAL SECURITIES EXCHANGES.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

"(m)(1) Except as otherwise prohibited or restricted by rules of the exchange that are consistent with section 5(d) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(d)), an exchange may not prohibit, condition, restrict, or impose any other limitation on the listing or trading of the securities of a closed-end company when the closed-end company invests, or may invest, some or all of the assets of the closed-end company in securities issued by private funds.

"(2) In this subsection—

"(A) the term 'closed-end company'—

"(i) has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)); and

"(ii) includes a closed-end company that elects to be treated as a business development company pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a–53); and

"(B) the term 'private fund' has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))).".

(d) INVESTMENT LIMITATION.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), in the second sentence, by striking "subparagraphs (A)(i) and (B)(i)" and inserting "subparagraphs (A)(i), (B)(i), and (C)"; and

(2) in paragraph (7)(D), by striking "subparagraphs (A)(i) and (B)(i)" and inserting "subparagraphs (A)(i), (B)(i), and (C)".

(e) RULES OF CONSTRUCTION.—

(1) Nothing in this section or the amendments made by this section may be construed to limit or amend any fiduciary duty owed to a closed-end company (as defined in section 5(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-5(a)(2))) or by an investment adviser (as defined under section 2(a) of

the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) to a closed-end company.

(2) Nothing in this section or the amendments made by this section may be construed to limit or amend the valuation, liquidity, or redemption requirements or obligations of a closed-end company (as defined in section 5(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)(2))) as required by the Investment Company Act of 1940.

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

Page 38, strike line 21 and all that follows through page 39, line 6 and insert the following:

"(iii) with respect to a proposed transaction involving a private offering, any individual if—

"(I) the amount of such transaction is not more than 5 percent of the net worth of the individual (excluding the primary residence of the individual); and

"(II) the aggregate investment of the individual at the completion of such transaction, in securities with respect to which there has not been a public offering, is not more than 25 percent of the net worth of the individual (excluding the primary residence of the individual);".

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6. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HOULAHAN OF PENNSYLVANIA OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 29, line 25, strike "and" at the end.

Page 29, after line 25, insert the following:

(2) examining the effects of the failure of Silicon Valley Bank in the United States on—

(A) insured depository institutions (as defined in section 3 of the Federal Deposit Insurance Act) with less than $10,000,000,000 in consolidated assets; and

(B) small business lending; and

Page 30, line 1, strike "(2)" and insert "(3)".

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7. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE TLAIB OF MICHIGAN OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 5, before line 1, insert the following:

SEC. 2. LIMITATION WITH RESPECT TO CERTAIN COMPANIES.

An exemption or benefit provided under this Act or the amendments made by this Act may only apply to a company that does not impose junk fees on customers.

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8. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE LYNCH OF MASSACHUSETTS OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 5, before line 1, insert the following:

SEC. 2. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date the Securities and Exchange Commission, in consultation with State securities regulators, certifies to Congress that nothing in this Act or the amendments made by this Act will increase fraud.

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9. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE WATERS OF CALIFORNIA OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Insert after section 2202 the following:

SEC. 2203. ANNUAL DISCLOSURES ON INVESTMENTS BY NON-EXEMPT PRIVATE FUND ADVISERS.

(a) IN GENERAL.—Section 204(b) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–4(b)) is amended by adding at the end the following:

"(12) ANNUAL DISCLOSURES ON INVESTMENTS BY NON-EXEMPT PRIVATE FUND ADVISERS.—

"(A) IN GENERAL.—Each investment adviser who advises private funds and is not exempt from registration pursuant to section 203(m) shall file an annual report with the Commission disclosing the aggregate number and aggregate dollar amount of all investments (including derivatives) made by such private funds during the previous year in—

"(i) women-owned companies;

"(ii) minority-owned companies;

"(iii) LGBTQ-owned companies;

"(iv) veteran-owned companies;

"(v) companies owned by individuals with a disability; and

"(vi) companies domiciled in, or projects located, in rural America.

"(B) DEFINITIONS.—In this paragraph:

"(i) DISABILITY.—The term 'disability' has the meaning given that term in section 3 of the Americans with Disabilities Act of 1990.

"(ii) LGBTQ.—The term 'LGBTQ' means lesbian, gay, bisexual, transgender, and queer.

"(iii) MINORITY.—The term 'minority' has the meaning given that term in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and includes any indigenous person in the United States or the territories of the United States.

"(iv) OWNED.—With respect to a company and a class of individuals, the company is 'owned' by such individuals if—

"(I) more than 50 percent of the voting securities of the company are owned by 1 or more individuals in such class; and

"(II) the management and daily business operations of the company are controlled by 1 or more individuals in such class.

"(v) VETERAN.—The term veteran has the meaning given the term in section 101(2) of title 38, United States Code.".

(b) RULEMAKING.—Not later than the end of the 18-month period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall issue rules to carry out the amendment made by this section.

Insert after section 2302 the following:

SEC. 2303. ANNUAL DISCLOSURES ON INVESTMENTS BY QUALIFYING VENTURE CAPITAL FUNDS.

(a) ANNUAL DISCLOSURES ON INVESTMENTS.—

(1) IN GENERAL.—Each person described in section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)) that would not be a person described in such section but for the amendments made by section 2302, shall file an annual report with the Commission disclosing the aggregate number and aggregate dollar amount of all investments (including derivatives) made by such person during the previous year in—

(A) women-owned companies;

(B) minority-owned companies;

(C) LGBTQ-owned companies;

(D) veteran-owned companies;

(E) companies owned by individuals with a disability; and

(F) companies domiciled in, or projects located, in rural America.

(2) DEFINITIONS.—In this paragraph:

(A) DISABILITY.—The term "disability" has the meaning given that term in section 3 of the Americans with Disabilities Act of 1990.

(B) LGBTQ.—The term "LGBTQ" means lesbian, gay, bisexual, transgender, and queer.

(C) MINORITY.—The term "minority" has the meaning given that term in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and includes any indigenous person in the United States or the territories of the United States.

(D) OWNED.—With respect to a company and a class of individuals, the company is "owned" by such individuals if—

(i) more than 50 percent of the voting securities of the company are owned by 1 or more individuals in such class; and

(ii) the management and daily business operations of the company are controlled by 1 or more individuals in such class.

(E) VETERAN.—The term veteran has the meaning given the term in section 101(2) of title 38, United States Code.

(b) RULEMAKING.—Not later than the end of the 18-month period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall issue rules to carry out this section.

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