

# Union Calendar No. 676

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6319

[Report No. 115–878]

To require the Securities and Exchange Commission to carry out a study of the 10 per centum threshold limitation applicable to the definition of a diversified company under the Investment Company Act of 1940, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2018

Mr. HULTGREN introduced the following bill; which was referred to the  
Committee on Financial Services

JULY 31, 2018

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

# **A BILL**

To require the Securities and Exchange Commission to carry out a study of the 10 per centum threshold limitation applicable to the definition of a diversified company under the Investment Company Act of 1940, 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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Expanding Investment  
5       in Small Businesses Act”.

6       **SEC. 2. SEC STUDY.**

7       (a) IN GENERAL.—The Securities and Exchange  
8       Commission shall carry out a study of the 10 per centum  
9       threshold limitation applicable to the definition of a diver-  
10      sified company under section 5(b)(1) of the Investment  
11      Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and deter-  
12      mine whether such threshold limits capital formation.

13      (b) CONSIDERATIONS.—In carrying out the study re-  
14      quired under subsection (a), the Commission shall con-  
15      sider the following:

16           (1) The size and number of diversified compa-  
17           nies that are currently restricted in their ability to  
18           own more than 10 percent of the voting shares in an  
19           individual company.

20           (2) If investing preferences of diversified com-  
21           panies have shifted away from companies with small-  
22           er market capitalizations.

23           (3) The expected increase in the availability of  
24           capital to small and emerging growth companies if  
25           the threshold is increased.

1           (4) The ability of registered funds to manage li-  
2       quidity risk.

3           (5) Any other consideration that the Commis-  
4       sion considers necessary and appropriate for the pro-  
5       tection of investors.

6       (c) SOLICITATION OF PUBLIC COMMENTS.—In car-  
7       rying out the study required under subsection (a), the  
8       Commission may solicit public comments.

9       (d) REPORT.—Not later than the end of the 180-day  
10      period beginning on the date of enactment of this Act, the  
11      Commission shall issue a report to the Congress, and  
12      make such report publicly available on the website of the  
13      Commission, containing—

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

17           (2) any legislative recommendations of the  
18      Commission, including any recommendation to up-  
19      date the 10 per centum threshold.



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