

declares the House in recess until approximately 3 p.m. today.

Accordingly (at 2 o'clock and 7 minutes p.m.), the House stood in recess.

□ 1500

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DONOVAN) at 3 p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

INVESTOR CLARITY AND BANK PARITY ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4096) to amend the Volcker Rule to permit certain investment advisers to share a similar name with a private equity fund, subject to certain restrictions, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4096

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Investor Clarity and Bank Parity Act".

SEC. 2. NAMING RESTRICTIONS.

Section 13 of the Bank Holding Company Act of 1956 (12 U.S.C. 1851) is amended—

(1) in subsection (d)(1)(G)(vi), by inserting before the semicolon the following: "; except that the hedge fund or private equity fund may share the same name or a variation of the same name as a banking entity that is an investment adviser to the hedge fund or private equity fund, if—

"(I) such investment adviser is not an insured depository institution, a company that controls an insured depository institution, or a company that is treated as a bank holding company for purposes of section 8 of the International Banking Act of 1978;

"(II) such investment adviser does not share the same name or a variation of the same name as an insured depository institution, any company that controls an insured depository institution, or any company that is treated as a bank holding company for purposes of section 8 of the International Banking Act of 1978; and

"(III) such name does not contain the word 'bank'; and

(2) in subsection (h)(5)(C), by inserting before the period the following: "; except as permitted under subsection (d)(1)(G)(vi)".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Massachusetts (Mr. CAPUANO) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 4096, the Investor Clarity and Bank Parity Act. I want to thank the primary sponsors of the legislation—the gentleman from Massachusetts (Mr. CAPUANO) and the gentleman from Ohio (Mr. STIVERS)—for their work in bringing this very technical, yet needed, legislation to the floor of the House today.

Mr. Speaker, during this time of divided government, it may come as a surprise to some that the Committee on Financial Services has generated a significant amount of bipartisan legislation since the beginning of 2015. In fact, this Congress our committee has approved over 70 bills, with the vast majority of these receiving bipartisan support, and in many cases unanimous support.

I am pleased that we are able to bring to the floor today a number of bills that received the backing of both Republicans and Democrats out of our committee. One of these bills is the Investor Clarity and Bank Parity Act, which passed out of the committee by a voice vote.

What does that bill do?

Well, this bill corrects a statutory error made in section 619 of Dodd-Frank, more commonly known as the Volcker Rule. The Volcker Rule limited the ability of bank holding companies or their affiliates to invest in hedge funds or private equity funds, collectively known as covered funds.

Now, we had a number of debates in our committee as to the general wisdom of the Volcker Rule and whether it actually reduces systemic risk and protects taxpayers or not. I think one thing we can all agree on is that so long as section 619 is the law of the land, Congress should do what it can to limit any negative and unintended consequences of the Volcker Rule.

Because of the way that Dodd-Frank was drafted, a bank or one of its affiliates was prohibited from sharing its name with a covered fund that it was invested in. By disallowing a covered fund to share a name with the sponsoring entity, this provision of the Volcker Rule could actually lead to more and widespread investor confusion about who is actually managing the assets of that particular fund.

As Jeffrey Plunkett of Natixis Global Asset Management told our subcommittee at a hearing back in February, he said: "We believe that compliance with the name-sharing prohibition of the Volcker Rule . . . risks confusion among investors and burdens

firms that are affiliated with banks, leading to a lack of transparency for clients."

So the fix envisioned here today in H.R. 4096 is really a simple one. It allows a covered fund to share its name with a sponsoring entity in order to provide clarity and transparency to the investor.

I urge all my colleagues to vote "yes" on H.R. 4096.

Mr. Speaker, I reserve the balance of my time.

Mr. CAPUANO. Mr. Speaker, I yield myself such time as I may consume.

I also rise to support H.R. 4096 for the exact reasons that Mr. GARRETT just pointed out. I would like to be as clear as I can. I am a strong proponent and supporter of the Volcker Rule, and I would not support anything that would undermine that rule. That is not what this does. This is simply a clarification of an item that was never intended. Even as a supporter of that rule, this is not the outcome we intended. It is simply to clarify naming abilities by certain entities.

I want to be also clear that nothing in this provision would allow something like the Bank of America Fund. You still cannot name it after a bank. These are subsidiaries of some banks. In this particular case, Natixis happens to be located in my district. They are the ones who brought this issue to my attention. They also happen to be affiliated with Loomis Sayles.

Loomis Sayles is not a bank, but it is an affiliate of a bank. Therefore, Loomis Sayles would not be allowed to say this is a Loomis Sayles item. They have to call it some funny name, ABCD Fund or whatever it might be. That was never the intention of the Volcker Rule.

The Volcker Rule was to make sure that the finances of this country and this world are as stable as possible so that people couldn't have conflicts of interest and on and on and on. This is a technical amendment, something that I strongly support.

Mr. Speaker, I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, inasmuch as the gentleman has yielded back, has no other speakers, I don't believe that we have any other speakers on this side of the aisle.

I will close by saying thank you to the gentleman for working with us on this and a bunch of other legislation I also hope to bring to the floor sooner rather than later. I encourage Members on both sides of the aisle to support this bipartisan piece of legislation.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. GARRETT) that the House suspend the rules and pass the bill, H.R. 4096.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GARRETT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

FAIR ACCESS TO INVESTMENT RESEARCH ACT OF 2016

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5019) to direct the Securities and Exchange Commission to provide a safe harbor related to certain investment fund research reports, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5019

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Fair Access to Investment Research Act of 2016”.

SEC. 2. SAFE HARBOR FOR INVESTMENT FUND RESEARCH.

(a) **EXPANSION OF THE SAFE HARBOR.**—Not later than the end of the 45-day period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall propose, and not later than the end of the 180-day period beginning on such date, the Commission shall adopt, upon such terms, conditions, or requirements as the Commission may determine necessary or appropriate in the public interest, for the protection of investors, and for the promotion of capital formation, revisions to section 230.139 of title 17, Code of Federal Regulations, to provide that a covered investment fund research report that is published or distributed by a broker or dealer—

(1) shall be deemed, for purposes of sections 2(a)(10) and 5(c) of the Securities Act of 1933 (15 U.S.C. 77b(a)(10), 77e(c)), not to constitute an offer for sale or an offer to sell a security that is the subject of an offering pursuant to a registration statement that is effective, even if the broker or dealer is participating or will participate in the registered offering of the covered investment fund’s securities; and

(2) shall be deemed to satisfy the conditions of subsection (a)(1) or (a)(2) of section 230.139 of title 17, Code of Federal Regulations, or any successor provisions, for purposes of the Commission’s rules and regulations under the Federal securities laws and the rules of any self-regulatory organization.

(b) **IMPLEMENTATION OF SAFE HARBOR.**—In implementing the safe harbor pursuant to subsection (a), the Commission shall—

(1) not, in the case of a covered investment fund with a class of securities in substantially continuous distribution, condition the safe harbor on whether the broker’s or dealer’s publication or distribution of a covered investment fund research report constitutes such broker’s or dealer’s initiation or reinitiation of research coverage on such covered investment fund or its securities;

(2) not—

(A) require the covered investment fund to have been registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) or subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) for any period exceeding the period of time referenced under paragraph (a)(1)(i)(A)(1) of section 230.139 of title 17, Code of Federal Regulations; or

(B) impose a minimum float provision exceeding that referenced in paragraph (a)(1)(i)(A)(1)(i) of section 230.139 of title 17, Code of Federal Regulations;

(3) provide that a self-regulatory organization may not maintain or enforce any rule that would—

(A) prohibit the ability of a member to publish or distribute a covered investment fund research report solely because the member is also participating in a registered offering or other distribution of any securities of such covered investment fund; or

(B) prohibit the ability of a member to participate in a registered offering or other distribution of securities of a covered investment fund solely because the member has published or distributed a covered investment fund research report about such covered investment fund or its securities; and

(4) provide that a covered investment fund research report shall not be subject to section 24(b) of the Investment Company Act of 1940 (15 U.S.C. 80a-24(b)) or the rules and regulations thereunder, except that such report may still be subject to such section and the rules and regulations thereunder to the extent that it is otherwise not subject to the content standards in the rules of any self-regulatory organization related to research reports, including those contained in the rules governing communications with the public regarding investment companies or substantially similar standards.

(c) **RULES OF CONSTRUCTION.**—Nothing in this Act shall be construed as in any way limiting—

(1) the applicability of the antifraud or antimanipulation provisions of the Federal securities laws and rules adopted thereunder to a covered investment fund research report, including section 17 of the Securities Act of 1933 (15 U.S.C. 77q), section 34(b) of the Investment Company Act of 1940 (15 U.S.C. 80a-33), and sections 9 and 10 of the Securities Exchange Act of 1934 (15 U.S.C. 78i, 78j); or

(2) the authority of any self-regulatory organization to examine or supervise a member’s practices in connection with such member’s publication or distribution of a covered investment fund research report for compliance with applicable provisions of the Federal securities laws or self-regulatory organization rules related to research reports, including those contained in rules governing communications with the public.

(d) **INTERIM EFFECTIVENESS OF SAFE HARBOR.**—

(1) **IN GENERAL.**—From and after the 180-day period beginning on the date of enactment of this Act, if the Commission has not adopted revisions to section 230.139 of title 17, Code of Federal Regulations, as required by subsection (a), and until such time as the Commission has done so, a broker or dealer distributing or publishing a covered investment fund research report after such date shall be able to rely on the provisions of section 230.139 of title 17, Code of Federal Regulations, and the broker or dealer’s publication of such report shall be deemed to satisfy the conditions of subsection (a)(1) or (a)(2) of section 230.139 of title 17, Code of Federal Regulations, if the covered investment fund that is the subject of such report satisfies the reporting history requirements (without regard to Form S-3 or Form F-3 eligibility) and minimum float provisions of such subsections for purposes of the Commission’s rules and regulations under the Federal securities laws and the rules of any self-regulatory organization, as if revised and implemented in accordance with subsections (a) and (b).

(2) **STATUS OF COVERED INVESTMENT FUND.**—After such period and until the Commission has adopted revisions to section 230.139 and

FINRA has revised rule 2210, for purposes of subsection (c)(7)(O) of such rule, a covered investment fund shall be deemed to be a security that is listed on a national securities exchange and that is not subject to section 24(b) of the Investment Company Act of 1940 (15 U.S.C. 80a-24(b)). Communications concerning only covered investment funds that fall within the scope of such section shall not be required to be filed with FINRA.

(e) **DEFINITIONS.**—For purposes of this Act:

(1) The term “covered investment fund research report” means a research report published or distributed by a broker or dealer about a covered investment fund or any securities issued by the covered investment fund, but not including a research report to the extent that it is published or distributed by the covered investment fund or any affiliate of the covered investment fund.

(2) The term “covered investment fund” means—

(A) an investment company registered under, or that has filed an election to be treated as a business development company under, the Investment Company Act of 1940 and that has filed a registration statement under the Securities Act of 1933 for the public offering of a class of its securities, which registration statement has been declared effective by the Commission; and

(B) a trust or other person—

(i) issuing securities in an offering registered under the Securities Act of 1933 and which class of securities is listed for trading on a national securities exchange;

(ii) the assets of which consist primarily of commodities, currencies, or derivative instruments that reference commodities or currencies, or interests in the foregoing; and

(iii) that provides in its registration statement under the Securities Act of 1933 that a class of its securities are purchased or redeemed, subject to conditions or limitations, for a ratable share of its assets.

(3) The term “FINRA” means the Financial Industry Regulatory Authority.

(4) The term “research report” has the meaning given that term under section 2(a)(3) of the Securities Act of 1933 (15 U.S.C. 77b(a)(3)), except that such term shall not include an oral communication.

(5) The term “self-regulatory organization” has the meaning given to that term under section 3(a)(26) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(26)).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Massachusetts (Mr. CAPUANO) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include any other extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5019, the Fair Access to Investment Research Act of 2016. I want to thank the gentleman from Arkansas (Mr. HILL), who will be speaking in a little bit, for his diligent work on this piece of legislation, as well as for his valued work and his input that he has brought all