Ms. MAXINE WATERS of California. Mr. Speaker, it is my pleasure to yield such time as he may consume to the gentleman from New Jersey (Mr. PASCRELL), the lead Democratic sponsor of this bill, who has been tireless in his efforts to bring this legislation to the floor.

Mr. PASCRELL. Mr. Speaker, I rise today to honor Larry Doby, a sports legend, a pioneer of American civil rights, a man who proudly served his country, and a fellow native of the streets of my hometown, Paterson, New Jersey, where he was a star multisport athlete at Eastside High School, well known for his character.

Mr. Speaker, I thank Chairman HUIZENGA for the work that he did, tirelessly trying to get enough signatures, both last year and this year—a great job—and I know the brothers and sisters in Ohio are very proud of him.

I thank MAXINE WATERS, who made it very, very possible to bring this to the floor today, my deepest, deepest thanks.

Larry Doby served in the United States Navy in the Pacific during World War II. After an honorable discharge in 1946, he returned to New Jersey to pursue his career in baseball with the Newark Eagles after being scouted at Hinchliffe Stadium in Paterson. Hinchliffe Stadium is now in the historic district of Paterson, the same field I played on as a kid, which gave me the delusions of making it to the major leagues—almost, but not quite. We were proud that Larry Doby achieved that greatness.

In 1946, Larry helped the Eagles win the Negro World Series championship over the legendary Satchel Paige—think about that—and the Kansas City Monarchs. Larry Doby hit .372, with one home run, five RBIs, and three stolen bases in that world series.

Many believed Larry Doby would be the first to break Major League Baseball's infamous color barrier, but we know what happened. On April 15, 1947, Jackie Robinson took to the field in Ebbets Field; and on July 5, 1947, Larry Doby integrated the American League with the Cleveland Indians, 71 years ago last week.

Being second did not make his challenge any less difficult or his courage any less remarkable. Larry was also treated to horrible racism. Even some of his teammates shunned him. Larry Doby took that abuse wherever he went.

Imagine that burden. Imagine the courage it would take to stand in front of that every day, and yet he handled the adversity with bottomless strength, poise, and dignity.

There was no interleague play back in 1947 and certainly no ESPN. Baseball fans from American League only areas—like northern Ohio, Michigan, and around Washington, D.C.—would never be able to see Jackie Robinson play. It was Larry Doby who integrated the American League parks.

The poise and courage of Larry Doby was a source of inspiration for so many. I knew his family very well, as well as Larry. He knew it, too. Larry once said: ''I knew being accepted was going to be hard, but I knew I was involved in a situation that was going to bring opportunities to other Blacks.''

Besides being a pioneer, Larry Doby was no slouch on the diamond. He played 13 years. He led the Indians to their last World Series in 1948, and I remind Mr. RENACCI of that point. They are due. He was voted to seven all-star teams. When it was all done, he finished with 253 home runs, nearly a thousand RBIs, and a cool lifetime .283 batting average.

Even when he was retired, Larry Doby continued to break barriers. As Mr. RENACCI pointed out, in 1978, he became manager of the Chicago White Sox. He became only the second African American manager of a major league team.

His play on the field might have been good enough by itself, but for his ability and for his courage, Larry Doby was rightly elected to the National Baseball Hall of Fame in 1998. I made that trip to Cooperstown, as many folks from Ohio and many people from Paterson, New Jersey, did. I was filled with pride watching this product of Paterson ascend to the Parthenon of America's game.

But even after he was finished in baseball, Larry Doby wasn't finished. He continued to make significant contributions to his community. He served as the director of community relations for the National Basketball Association's New Jersey Nets, where he was deeply involved with building several inner-city youth programs. This was a special, special person, Mr. Speaker.

This bipartisan bill would posthumously award Larry Doby with a Congressional Gold Medal, the highest award bestowed by the United States Congress on extraordinary individuals. It is right recognition for Larry Doby's athletic feats, his courageous leadership, the opportunities he created for others, and the inspiration he gave to millions.

H.R. 1861, The Larry Doby Congressional Gold Medal Act, I introduced with my friend Representative JIM RENACCI is a big deal.

I also thank the Senate sponsors of the companion legislation: Senators ROB PORTMAN, ROBERT MENENDEZ, CORY BOOKER, SHERROD BROWN, TIM SCOTT, and LINDSEY GRAHAM.

Since coming to Congress, I have tried to support the legacy of Larry Doby. We passed an act of Congress to name the post office in Paterson after him. We worked hard to make sure he was recognized by the United States Postal Service with a beautiful postage stamp.

We are fortunate to have heroes who inspire us to achieve our best and lead our communities towards positive change. These are uniters in our community, and that is what we need more of. Today, we are proud to recognize Lawrence Eugene Doby as one of those heroes.

Ms. MAXINE WATERS of California. Mr. Speaker, I have no additional speakers, and I yield back the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, what an incredible story that we see here.

I, too, want to congratulate both Congressman PASCRELL, as well as Congressman RENACCI for their work on this.

As I was doing a little research and hearing the stories and looking at Wikipedia and some other things, it led to lots of different places. The amazing athleticism of this man was clear—the fact that he was 17 when he started playing baseball professionally; the fact that he played basketball professionally; the fact that he went on to be a major force in two different sports, both with the New Jersey Nets as well as with the White Sox as a player and as a manager—well deserved and, unfortunately, as has been pointed out, far too long in the making.

Mr. Speaker, I commend my colleagues for their tenacity in going after this. It is not easy to get 300 of your colleagues in this body to agree on anything. That it is Tuesday would be difficult to get them to agree on, much less awarding a Gold Medal. So kudos and thanks to those gentlemen who worked so hard.

Again, as I said, one of the things that struck me is the camaraderie that it sounds like he and Jackie Robinson had—speaking on the phone often; being the first two members of their race to break that color barrier in their respective leagues—what a wonderful story that is.

Congratulations to the Doby family and to my colleagues.

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

The SPEAKER pro tempore (Mr. MITCHELL). The question is on the motion offered by the gentleman from Michigan (Mr. HUIZENGA) that the House suspend the rules and pass the bill, H.R. 1861.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

OPTIONS MARKETS STABILITY ACT

Mr. HUIZENGA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5749) to require the appropriate Federal banking agencies to increase the risk-sensitivity of the capital treatment of certain centrally cleared options, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5749

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 ''Options Markets Stability Act''.

SECTION 2. RULEMAKING.

Within 180 days of the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency shall, jointly, issue a proposed rule, and finalize such rule within 360 days of the date of enactment of this Act, to adopt a methodology for calculating the counterparty credit risk exposure, at default, of a depository institution, depository institution holding company, or affiliate thereof to a client arising from a guarantee provided by the depository institution, depository institution holding company, or affiliate thereof to a central counterparty in respect of the client's performance under an exchange-listed derivative contract cleared through that central counterparty pursuant to the risk-based and leverage-based capital rules applicable to depository institutions and depository institution holding companies under parts 3, 217, and 324 of title 12, Code of Federal Regulations. In issuing such rule, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency shall consider—

(1) the availability of liquidity provided by market makers during times of high volatility in the capital markets;

(2) the spread between the bid and the quote offered by market makers;

(3) the preference for clearing through central counterparties;

(4) the safety and soundness of the financial system and financial stability, including the benefits of central clearing;

(5) the safety and soundness of individual institutions that may centrally clear exchange-listed derivatives or options on behalf of a client, including concentration of market share;

(6) the economic value of delta weighting a counterparty's position and netting of a counterparty's position;

(7) the inherent risk of the positions;

(8) barriers to entry for depository institutions, depository institution holding companies, affiliates thereof, and entities not affiliated with a depository institution or depository institution holding company to centrally clear exchange-listed derivatives or options on behalf of market makers;

(9) the impact any changes may have on the broader capital regime and aggregate capital in the system; and

(10) consideration of other potential factors that impact market making in the exchange-listed options market, including changes in market structure.

SEC. 3. REPORT TO CONGRESS.

At the end of the 5-year period beginning on the date the final rule is issued under section 2, the Board of Governors of the Federal Reserve System shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report detailing the impact of the final rule during such period on the factors described under paragraphs (1) through (10) of section 2.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Michigan (Mr. HUIZENGA) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from Michigan.

GENERAL LEAVE

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

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

There was no objection.

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

Mr. Speaker, I rise today in support of H.R. 5749, the Options Markets Stability Act, which would adjust the risk sensitivity of the capital treatment of centrally cleared options.

Mr. Speaker, I congratulate my friend from Illinois and fellow member of the Financial Services Committee, Mr. HULTGREN, for his tireless work on this. Mr. Speaker, it may come as no surprise that this may not be the most exciting portion of the work that is done in our committee, it is not necessarily the most sexy of issues that we deal with, but it is extremely important. I appreciate the work of the gentleman as well as members on the committee from all sides.

As I said, Mr. Speaker, options are incredibly useful and powerful risk mitigation tools that can help protect an investor's financial portfolio. From buying puts to hedge the downside risk of owning a stock to writing covered calls to collect income and cap potential losses, listed options strategies are protective tools employed by individual investors, institutions, and pension funds.

But options do have a sensitivity to the price of the underlying stock such that, at any given point in time, the value of an option will respond differently to changes in the price of the option's underlying shares.

Increased volatility in equity markets during recent months has revealed that certain bank capital requirements using the current exposure method—or CEM, as it is known—from the Basel Committee on Banking Supervision discourages the use of central clearing, which is a central tenet of the Dodd-Frank Act. This is actually counterintuitive and the reason why we are here today trying to fix that.

Title VII of the Dodd-Frank Act requires derivatives, including options, to be centrally cleared in order to take advantage of the risk-mitigating benefits of clearing. As a result, the role of clearing members, or houses, and the amount of transactions cleared by these institutions has expanded significantly.

However, businesses and end users which use these options to manage business risks can only trade through a clearing member, as they are unable to access clearinghouses directly.

The risk-based and leverage-based capital requirements for banks have made it cost prohibitive for clearing members to expand their derivatives clearing services when there is higher volume. As a result, liquidity providers who depend on banks to centrally clear their options are having trouble providing liquidity during instances of market volatility, therefore making it more expensive for individuals and institutions to hedge their positions through the use of options contracts. As I pointed out, Mr. Speaker, that is exactly the opposite of what the intent of the Dodd-Frank Act was in this area.

Although the Basel Committee agreed to replace CEM by January of 2017 with a more risk-sensitive method known as the standardized approach for measuring counterparty credit risk, or SA-CCR, exposures, the Board of Governors of the Federal Reserve has not yet implemented SA-CCR, and the transition is not imminent.

To remedy these problems, H.R. 5749, the Options Markets Stability Act introduced by Representative HULTGREN and Representative FOSTER, two colleagues from Illinois, will help alleviate the unnecessary adverse impact of the current exposure method, or CEM, on the listed options market.

This legislation would require the Federal Reserve Board, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to implement a risk-adjusted approach to value centrally cleared options as it relates to capital rules to better and more accurately reflect exposure and promote options market-making activity.

Specifically, the bill changes how the calculation of the CEM on options contracts is calculated on their notional face value rather than through a risk-adjusted value, which reflects actual exposures.

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By changing this calculation, it will incentivize the use of hedged positions and would reduce the amount of capital required to place these positions and reduce overall exposure.

Market-maker liquidity is critical to vibrant options markets, and the knock-on effects are increased costs to investors, a heightened possibility of market dislocation during volatile environments, and the discouragement of centrally cleared products that help limit the systemic risk that we are all trying to eliminate.

This bipartisan bill, which passed the Financial Services Committee by a vote of 54–0, is a modest adjustment to the risk- and leverage-based capital rules to better take into account the actual risk of clearing options.

I commend my colleagues, Representative HULTGREN and Representative FOSTER, for their bipartisan work on this important bill, and I urge all of my colleagues to vote in favor of H.R. 5749.

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

Ms. MAXINE WATERS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5749, which is a tailored, bipartisan solution to the problems facing our Nation's options markets.

Options are a type of derivative contract that provide investors with the right to buy or sell stock or other securities at some point in the future. According to the Chicago Board Options Exchange, which supports the bill, bank affiliates that clear options on behalf of large traders have been restricting their services because of the current bank capital calculation and resulting costs.

As a consequence, they argue that large options traders, known as market-makers, are not readily able to trade when investors need them to and are having to charge more when they do trade. There are also fewer market-makers overall and more trading activity concentrated among the top five firms.

H.R. 5749 would direct the bank regulators to consider this problem while still focusing on the benefits of bank capital to reduce systemic risk.

Now, I am aware that the Federal Reserve just proposed to significantly change banks' capital requirements, including through a rollback of the supplementary leverage ratio. If the Fed's proposals are finalized, FDIC-insured banks could shed as much as $121 billion in capital, making it more likely that one of the Wall Street megabanks will fail in a future downturn and cause untold damage to the economy.

On top of that, the President signed into law S. 2155, which will recklessly reduce capital and other requirements on the Nation's largest banks. I am very concerned with these developments and urge our regulators to ensure the safety and soundness of megabanks and our financial system.

H.R. 5749 would make sure that this is the case for bank capital associated with cleared options. Specifically, the bill would require the bank regulators to conduct a rulemaking after considering several important factors, including the safety and soundness of the financial system, financial stability, and the impact of the changes on the broader capital regime.

Unlike the introduced version of the bill, which would only reduce capital, the bill, as amended, would direct the regulators to increase capital for riskier derivatives.

It also would create a retrospective rule review so that, 5 years after implementation, the regulators would study the impact of their rule.

So I want to thank Representative FOSTER and Representative HULTGREN for working together to promote trading in our options markets without sacrificing bank safety and soundness.

I encourage my colleagues to join me in supporting H.R. 5749, and I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I yield as much time as he may consume to the gentleman from Illinois (Mr. HULTGREN), the vice chair of the Capital Markets, Securities, and Investment Subcommittee.

Mr. HULTGREN. Mr. Speaker, I want to thank Chairman HUIZENGA for his work on this and so many other important things on the Financial Services Committee and the Capital Markets, Securities, and Investment Subcommittee.

I also want to begin by giving special thanks to Leader MCCARTHY for providing time for consideration of the Options Markets Stability Act. This legislation is very important to a number of stakeholders in Illinois, but also to market stability as a whole and the investors who depend on having access to reliable products.

I also do want to thank Chairman HENSARLING and Ranking Member WATERS. Without their support, my legislation would not have received a unanimous vote in the Financial Services Committee, and I am grateful for their help; and my colleague, BILL FOSTER, as well, for his help.

Title VII of the Dodd-Frank Act requires derivatives, including options, to be centrally cleared in order to take advantage of the risk-mitigating benefits.

Liquidity providers, many of which are in Illinois, can trade only through a clearing member; they cannot access clearinghouses directly. As a result, the role of clearing members and the amount of transactions cleared by these institutions has expanded significantly.

The risk-based and leverage-based capital requirements for bank clearing members makes it cost prohibitive to provide clearing services for listed options. This is especially acute when there is higher than expected volume.

Chicago Trading Company, one of the key liquidity providers for listed options, wrote in a letter to the Treasury Department last summer that: ''These requirements force banks to direct capital away from the exchange-listed, centrally cleared options market, thereby hindering our ability to provide liquidity and acting in direct contravention of a core principle of post-crisis regulation: strengthening exchange-based trading and central clearing, especially for many derivatives that were previously traded on an over-the-counter basis.''

The Options Markets Stability Act, as amended, requires Federal banking regulators to more accurately measure counterparty risk by adjusting the risk- and leverage-based capital rules, and requires them to provide a report to Congress about these changes 5 years after they go into effect.

While market participants have long expressed concern about the current capital requirements for listed options, volatility in equity markets earlier this year exposed the extent to which existing rules are restricting liquidity when it is needed the most.

Volatility contributes to an increase in volume of listed options because of an interest by market participants to hedge their positions. However, the binding capital constraint under current rules makes it cost prohibitive to centrally clear the increased volume of equity options contracts demanded by the market.

The market-makers who provide liquidity for listed options are indirectly constrained by the bank capital rules from fulfilling their role in maintaining price stability.

Key financial regulators have underscored these issues. CFTC Chairman Giancarlo noted in testimony before the House Appropriations Committee that: ''We have some anecdotal information that shows that, during the recent market volatility, the supplementary leverage ratio impacted larger market-makers' ability to take on certain positions, thus exacerbating market volatility. The SLR is not specifically mandated in Title VII of Dodd-Frank, and it has had the opposite effect intended: pushing trades away from central clearing.''

Chairman Powell has noted that the current exposure method generally treats potential future credit exposures on derivatives as a fixed percentage of the notional amount, which ignores whether a derivative is margined and undervalues netting benefits.

The problem is that banking regulators are taking far too long to actually address the issues in our derivatives markets. Our options markets are encountering liquidity issues now because of the poorly calibrated capital rules. Investors do not have the luxury of waiting any longer on our bank regulators.

Finally, this legislation has a long list of supporters: Cboe Global Markets, the Options Clearing Corporation, NASDAQ, NYSE, CME Group, SIFMA, the Futures Industry Association, IMC, Chicago Trading Company, TD Ameritrade, just to name a handful.

A vote in support of the Options Markets Stability Act is a vote in support of listed options and central-clearing that is a cornerstone of Dodd-Frank. It is a vote in support of maintaining options for investors and their ability to manage risk in volatile markets.

Ms. MAXINE WATERS of California. Mr. Speaker, I have no further speakers, and I yield back the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I have no further speakers. I encourage my colleagues to vote for H.R. 5749, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. HUIZENGA) that the House suspend the rules and pass the bill, H.R. 5749, as amended.

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. HUIZENGA. 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.

MAIN STREET GROWTH ACT

Mr. HUIZENGA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5877) to amend the Securities Exchange Act of 1934 to allow for the registration of venture exchanges, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5877

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 ''Main Street Growth Act''.

SEC. 2. VENTURE EXCHANGES.

(a) SECURITIES EXCHANGE ACT OF 1934.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

''(m) VENTURE EXCHANGE.—

''(1) REGISTRATION.—

''(A) IN GENERAL.—A person may register themself (and a national securities exchange may register a listing tier of such exchange) as a national securities exchange solely for the purposes of trading venture securities by filing an application with the Commission pursuant to subsection (a) and the rules and regulations thereunder.

''(B) PUBLICATION OF NOTICE.—The Commission shall, upon the filing of an application under subparagraph (A), publish notice of such filing and afford interested persons an opportunity to submit written data, views, and arguments concerning such application.

''(C) APPROVAL OR DENIAL.—

''(i) IN GENERAL.—Within 90 days of the date of publication of a notice under subparagraph (B) (or within such longer period as to which the applicant consents), the Commission shall—

''(I) by order grant such registration; or

''(II) institute a denial proceeding under clause (ii) to determine whether registration should be denied.

''(ii) DENIAL PROCEEDING.—A proceeding under clause (i)(II) shall include notice of the grounds for denial under consideration and opportunity for hearing and shall be concluded within 180 days of the date of the publication of a notice under subparagraph (B). At the conclusion of such proceeding the Commission, by order, shall grant or deny such registration. The Commission may extend the time for conclusion of such proceeding for up to 90 days if the Commission finds good cause for such extension and publishes the Commission's reasons for so finding or for such longer period as to which the applicant consents.

''(iii) CRITERIA FOR APPROVAL OR DENIAL.—The Commission shall grant a registration under this paragraph if the Commission finds that the requirements of this title and the rules and regulations thereunder with respect to the applicant are satisfied. The Commission shall deny such registration if it does not make such finding.

''(2) POWERS AND RESTRICTIONS.—In addition to the powers and restrictions otherwise applicable to a national securities exchange, a venture exchange—

''(A) may only constitute, maintain, or provide a market place or facilities for bringing together purchasers and sellers of venture securities;

''(B) may not extend unlisted trading privileges to any venture security;

''(C) may only, if the venture exchange is a listing tier of another national securities exchange, allow trading in securities that are registered under section 12(b) on a national securities exchange other than a venture exchange; and

''(D) may, subject to the rule filing process under section 19(b)—

''(i) determine the increment to be used for quoting and trading venture securities on the exchange; and

''(ii) choose to carry out periodic auctions for the sale of a venture security instead of providing continuous trading of the venture security.

''(3) TREATMENT OF CERTAIN EXEMPTED SECURITIES.—A security that is exempt from registration pursuant to section 3(b) of the Securities Act of 1933 shall be exempt from section 12(a) of this title to the extent such securities are traded on a venture exchange, if the issuer of such security is in compliance with—

''(A) all disclosure obligations of such section 3(b) and the regulations issued under such section; and

''(B) ongoing disclosure obligations of the applicable venture exchange that are similar to those provided by an issuer under tier 2 of Regulation A (17 C.F.R. 230.251 et seq).

''(4) VENTURE SECURITIES TRADED ON VENTURE EXCHANGES MAY NOT TRADE ON NON-VENTURE EXCHANGES.—A venture security may not be traded on a national securities exchange that is not a venture exchange during any period in which the venture security is being traded on a venture exchange.

''(5) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed as requiring transactions in venture securities to be effected on a national securities exchange.

''(6) COMMISSION AUTHORITY TO LIMIT CERTAIN TRADING.—The Commission may limit transactions in venture securities that are not effected on a national securities exchange as appropriate to promote efficiency, competition, capital formation, and to protect investors.

''(7) DISCLOSURES TO INVESTORS.—The Commission shall issue regulations to ensure that persons selling or purchasing venture securities on a venture exchange are provided disclosures sufficient to understand—

''(A) the characteristics unique to venture securities; and

''(B) in the case of a venture exchange that is a listing tier of another national securities exchange, that the venture exchange is distinct from the other national securities exchange.

''(8) DEFINITIONS.—For purposes of this subsection:

''(A) EARLY-STAGE, GROWTH COMPANY.—

''(i) IN GENERAL.—The term 'early-stage, growth company' means an issuer—

''(I) that has not made any registered initial public offering of any securities of the issuer; and

''(II) with a public float of less than or equal to the value of public float required to qualify as a large accelerated filer under section 240.12b–2 of title 17, Code of Federal Regulations.

''(ii) TREATMENT WHEN PUBLIC FLOAT EXCEEDS THRESHOLD.—An issuer shall not cease to be an early-stage, growth company by reason of the public float of such issuer exceeding the threshold specified in clause (i)(II) until the later of the following:

''(I) The end of the period of 24 consecutive months during which the public float of the issuer exceeds $2,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest $1,000,000).

''(II) The end of the 1-year period following the end of the 24-month period described under subclause (I), if the issuer requests such 1-year extension from a venture exchange and the venture exchange elects to provide such extension.

''(B) PUBLIC FLOAT.—With respect to an issuer, the term 'public float' means the aggregate worldwide market value of the voting and non-voting common equity of the issuer held by non-affiliates.

''(C) VENTURE SECURITY.—

''(i) IN GENERAL.—The term 'venture security' means—

''(I) securities of an early-stage, growth company that are exempt from registration pursuant to section 3(b) of the Securities Act of 1933;

''(II) securities of an emerging growth company; or

''(III) securities registered under section 12(b) and listed on a venture exchange (or, prior to listing on a venture exchange, listed on a national securities exchange) where—

''(aa) the issuer of such securities has a public float less than or equal to the value of public float required to qualify as a large accelerated filer under section 240.12b–2 of title 17, Code of Federal Regulations; or

''(bb) the average daily trade volume is 75,000 shares or less during a continuous 60-day period.

''(ii) TREATMENT WHEN PUBLIC FLOAT EXCEEDS THRESHOLD.—Securities shall not cease to be venture securities by reason of the public float of the issuer of such securities exceeding the threshold specified in clause (i)(III)(aa) until the later of the following:

''(I) The end of the period of 24 consecutive months beginning on the date—

''(aa) the public float of such issuer exceeds $2,000,000,000; and

''(bb) the average daily trade volume of such securities is 100,000 shares or more during a continuous 60-day period.

''(II) The end of the 1-year period following the end of the 24-month period described under subclause (I), if the issuer of such securities requests such 1-year extension from a venture exchange and the venture exchange elects to provide such extension.''.

(b) SECURITIES ACT OF 1933.—Section 18 of the Securities Act of 1933 (15 U.S.C. 77r) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

''(d) TREATMENT OF SECURITIES LISTED ON A VENTURE EXCHANGE.—Notwithstanding subsection (b), a security is not a covered security pursuant to subsection (b)(1)(A) if the security is only listed, or authorized for listing, on a venture exchange (as defined under section 6(m) of the Securities Exchange Act of 1934).''.

(c) SENSE OF CONGRESS.—It is the sense of the Congress that the Securities and Exchange Commission should—

(1) when necessary or appropriate in the public interest and consistent with the protection of investors, make use of the Commission's general exemptive authority under section 36 of the Securities Exchange Act of 1934 (15 U.S.C. 78mm) with respect to the provisions added by this section; and

(2) if the Commission determines appropriate, create an Office of Venture Exchanges within the Commission's Division of Trading and Markets.

(d) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall be construed to impair or limit the construction of the antifraud provisions of the securities laws (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))) or the authority of the Securities and Exchange Commission under those provisions.

(e) EFFECTIVE DATE FOR TIERS OF EXISTING NATIONAL SECURITIES EXCHANGES.—In the case of a securities exchange that is registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) on the date of the enactment of this Act, any election for a listing tier of such exchange to be treated as a venture exchange under subsection (m) of such section shall not take effect before the date that is 180 days after such date of enactment.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Michigan (Mr. HUIZENGA) and the gentlewoman from California (Ms. MAXINE WATERS) each will control 20 minutes.