

115TH CONGRESS
2D SESSION

H. R. 6319

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.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2018

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

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”.

1 **SEC. 2. SEC STUDY.**

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

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

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

15 (2) If investing preferences of diversified com-
16 panies have shifted away from companies with small-
17 er market capitalizations.

18 (3) The expected increase in the availability of
19 capital to small and emerging growth companies if
20 the threshold is increased.

21 (4) The ability of registered funds to manage li-
22 quidity risk.

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

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

4 (d) REPORT.—Not later than the end of the 180-day
5 period beginning on the date of enactment of this Act, the
6 Commission shall issue a report to the Congress, and
7 make such report publicly available on the website of the
8 Commission, containing—

9 (1) all findings and determinations made in car-
10 rying out the study required under subsection (a);
11 and

12 (2) any legislative recommendations of the
13 Commission, including any recommendation to up-
14 date the 10 per centum threshold.

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