

Suspend the Rules And Pass the Bill, S. 488, with Amendments

(The amendments strike all after the enacting clause and insert a new text and a new title)

115TH CONGRESS
1ST SESSION

S. 488

To increase the threshold for disclosures required by the Securities and Exchange Commission relating to compensatory benefit plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2017

Mr. TOOMEY (for himself and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To increase the threshold for disclosures required by the Securities and Exchange Commission relating to compensatory benefit plans, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “JOBS and Investor Confidence Act of 2018”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—HELPING ANGELS LEAD OUR STARTUPS

Sec. 101. Definition of angel investor group.

Sec. 102. Clarification of general solicitation.

TITLE II—CREDIT ACCESS AND INCLUSION

Sec. 201. Positive credit reporting permitted.

TITLE III—SMALL BUSINESS MERGERS, ACQUISITIONS, SALES,
AND BROKERAGE SIMPLIFICATION

Sec. 301. Registration exemption for merger and acquisition brokers.

Sec. 302. Effective date.

TITLE IV—FAIR INVESTMENT OPPORTUNITIES FOR
PROFESSIONAL EXPERTS

Sec. 401. Definition of accredited investor.

TITLE V—FOSTERING INNOVATION

Sec. 501. Temporary exemption for low-revenue issuers.

TITLE VI—END BANKING FOR HUMAN TRAFFICKERS

Sec. 601. Increasing the role of the financial industry in combating human traf-
ficking.

Sec. 602. Coordination of human trafficking issues by the Office of Terrorism
and Financial Intelligence.

Sec. 603. Additional reporting requirement under the Trafficking Victims Pro-
tection Act of 2000.

Sec. 604. Minimum standards for the elimination of trafficking.

TITLE VII—INVESTING IN MAIN STREET

Sec. 701. Investment in small business investment companies.

TITLE VIII—EXCHANGE REGULATORY IMPROVEMENT

Sec. 801. Findings.

Sec. 802. Facility defined.

TITLE IX—ENCOURAGING PUBLIC OFFERINGS

Sec. 901. Expanding testing the waters and confidential submissions.

TITLE X—FAMILY OFFICE TECHNICAL CORRECTION

Sec. 1001. Accredited investor clarification.

TITLE XI—EXPANDING ACCESS TO CAPITAL FOR RURAL JOB
CREATORS

Sec. 1101. Access to capital for rural-area small businesses.

TITLE XII—FINANCIAL INSTITUTION LIVING WILL IMPROVEMENT

Sec. 1201. Living will reforms.

TITLE XIII—PREVENTION OF PRIVATE INFORMATION
DISSEMINATION

Sec. 1301. Criminal penalty for unauthorized disclosures.

TITLE XIV—INTERNATIONAL INSURANCE STANDARDS

Sec. 1401. Short title.

Sec. 1402. Congressional findings.

Sec. 1403. Requirement that insurance standards reflect United States policy.

Sec. 1404. State insurance regulator involvement in international standard setting.

Sec. 1405. Consultation with Congress.

Sec. 1406. Report to Congress on international insurance agreements.

Sec. 1407. Covered agreements.

Sec. 1408. Inapplicability to trade agreements.

TITLE XV—ALLEVIATING STRESS TEST BURDENS TO HELP
INVESTORS

Sec. 1501. Stress test relief for nonbanks.

TITLE XVI—NATIONAL STRATEGY FOR COMBATING THE
FINANCING OF TRANSNATIONAL CRIMINAL ORGANIZATIONS

Sec. 1601. National strategy.

Sec. 1602. Contents of national strategy.

Sec. 1603. Definitions.

TITLE XVII—COMMON SENSE CREDIT UNION CAPITAL RELIEF

Sec. 1701. Delay in effective date.

TITLE XVIII—OPTIONS MARKETS STABILITY

Sec. 1801. Rulemaking.

Sec. 1802. Report to Congress.

TITLE XIX—COOPERATE WITH LAW ENFORCEMENT AGENCIES
AND WATCH

Sec. 1901. Safe harbor with respect to keep open letters.

TITLE XX—MAIN STREET GROWTH

Sec. 2001. Venture exchanges.

TITLE XXI—BUILDING UP INDEPENDENT LIVES AND DREAMS

Sec. 2101. Mortgage loan transaction disclosure requirements.

TITLE XXII—MODERNIZING DISCLOSURES FOR INVESTORS

Sec. 2201. Form 10-Q analysis.

TITLE XXIII—FIGHT ILLICIT NETWORKS AND DETECT
TRAFFICKING

- Sec. 2301. Findings.
- Sec. 2302. GAO Study.

TITLE XXIV—IMPROVING INVESTMENT RESEARCH FOR SMALL
AND EMERGING ISSUERS

- Sec. 2401. Research study.

TITLE XXV—DEVELOPING AND EMPOWERING OUR ASPIRING
LEADERS

- Sec. 2501. Definitions.

TITLE XXVI—EXPANDING INVESTMENT IN SMALL BUSINESSES

- Sec. 2601. SEC study.

TITLE XXVII—PROMOTING TRANSPARENT STANDARDS FOR
CORPORATE INSIDERS

- Sec. 2701. SEC study.

TITLE XXVIII—INVESTMENT ADVISER REGULATORY FLEXIBILITY
IMPROVEMENT

- Sec. 2801. Definition of small business of small organization.

TITLE XXIX—ENHANCING MULTI-CLASS SHARE DISCLOSURES

- Sec. 2901. Disclosure Relating to Multi-Class Share Structures.

TITLE XXX—NATIONAL SENIOR INVESTOR INITIATIVE

- Sec. 3001. Senior Investor Taskforce.
- Sec. 3002. GAO study.

TITLE XXXI—MIDDLE MARKET IPO UNDERWRITING COST

- Sec. 3101. Study on IPO fees.

TITLE XXXII—CROWDFUNDING AMENDMENTS

- Sec. 3201. Crowdfunding vehicles.
- Sec. 3202. Crowdfunding exemption from registration.

1 **TITLE I—HELPING ANGELS LEAD**
2 **OUR STARTUPS**

3 **SEC. 101. DEFINITION OF ANGEL INVESTOR GROUP.**

4 As used in this Act, the term “angel investor group”
5 means any group that—

1 (1) is composed of accredited investors inter-
2 ested in investing personal capital in early-stage
3 companies;

4 (2) holds regular meetings and has defined
5 processes and procedures for making investment de-
6 cisions, either individually or among the membership
7 of the group as a whole; and

8 (3) is neither associated nor affiliated with bro-
9 kers, dealers, or investment advisers.

10 **SEC. 102. CLARIFICATION OF GENERAL SOLICITATION.**

11 (a) IN GENERAL.—Not later than 6 months after the
12 date of enactment of this Act, the Securities and Ex-
13 change Commission shall revise Regulation D of its rules
14 (17 C.F.R. 230.500 et seq.) to require that in carrying
15 out the prohibition against general solicitation or general
16 advertising contained in section 230.502(c) of title 17,
17 Code of Federal Regulations, the prohibition shall not
18 apply to a presentation or other communication made by
19 or on behalf of an issuer which is made at an event—

20 (1) sponsored by—

21 (A) the United States or any territory
22 thereof, by the District of Columbia, by any
23 State, by a political subdivision of any State or
24 territory, or by any agency or public instrumen-
25 tality of any of the foregoing;

1 (B) a college, university, or other institu-
2 tion of higher education;

3 (C) a nonprofit organization;

4 (D) an angel investor group;

5 (E) a venture forum, venture capital asso-
6 ciation, or trade association; or

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

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

13 (3) the sponsor of which—

14 (A) does not make investment rec-
15 ommendations or provide investment advice to
16 event attendees;

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

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

22 (D) does not receive any compensation for
23 making introductions between investors attend-
24 ing the event and issuers, or for investment ne-
25 gotiations between such parties;

1 (E) makes readily available to attendees a
2 disclosure not longer than 1 page in length, as
3 prescribed by the Securities and Exchange
4 Commission, describing the nature of the event
5 and the risks of investing in the issuers pre-
6 senting at the event; and

7 (F) does not receive any compensation
8 with respect to such event that would require
9 registration of the sponsor as a broker or a
10 dealer under the Securities Exchange Act of
11 1934, or as an investment advisor under the In-
12 vestment Advisers Act of 1940; and

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

17 (A) that the issuer is in the process of of-
18 fering securities or planning to offer securities;

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

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

23 (D) the intended use of proceeds of the of-
24 fering.

1 (b) RULE OF CONSTRUCTION.—Subsection (a) may
2 only be construed as requiring the Securities and Ex-
3 change Commission to amend the requirements of Regula-
4 tion D with respect to presentations and communications,
5 and not with respect to purchases or sales.

6 (c) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP
7 BY REASON OF EVENT.—Attendance at an event de-
8 scribed under subsection (a) shall not qualify, by itself,
9 as establishing a pre-existing substantive relationship be-
10 tween an issuer and a purchaser, for purposes of Rule
11 506(b).

12 (d) DEFINITION OF ISSUER.—For purposes of this
13 section and the revision of rules required under this sec-
14 tion, the term “issuer” means an issuer that is a business,
15 is not in bankruptcy or receivership, is not an investment
16 company, and is not a blank check, blind pool, or shell
17 company.

18 **TITLE II—CREDIT ACCESS AND** 19 **INCLUSION**

20 **SEC. 201. POSITIVE CREDIT REPORTING PERMITTED.**

21 (a) IN GENERAL.—Section 623 of the Fair Credit
22 Reporting Act (15 U.S.C. 1681s–2) is amended by adding
23 at the end the following new subsection:

24 “(f) FULL-FILE CREDIT REPORTING.—

1 “(1) IN GENERAL.—Subject to the limitations
2 in paragraphs (2) through (4) and notwithstanding
3 any other provision of law, a person or the Secretary
4 of Housing and Urban Development may furnish to
5 a consumer reporting agency information relating to
6 the performance of a consumer in making pay-
7 ments—

8 “(A) under a lease agreement with respect
9 to a dwelling, including such a lease in which
10 the Department of Housing and Urban Devel-
11 opment provides subsidized payments for occu-
12 pancy in a dwelling; or

13 “(B) pursuant to a contract for a utility or
14 telecommunications service.

15 “(2) LIMITATION.—Information about a con-
16 sumer’s usage of any utility services provided by a
17 utility or telecommunication firm may be furnished
18 to a consumer reporting agency only to the extent
19 that such information relates to payment by the con-
20 sumer for the services of such utility or tele-
21 communication service or other terms of the provi-
22 sion of the services to the consumer, including any
23 deposit, discount, or conditions for interruption or
24 termination of the services.

1 “(3) PAYMENT PLAN.—An energy utility firm,
2 telephone company, or wireless provider may not re-
3 port payment information to a consumer reporting
4 agency with respect to an outstanding balance of a
5 consumer as late if—

6 “(A) the energy utility firm, telephone
7 company, or wireless provider and the consumer
8 have entered into a payment plan (including a
9 deferred payment agreement, an arrearage
10 management program, or a debt forgiveness
11 program) with respect to such outstanding bal-
12 ance; and

13 “(B) the consumer is meeting the obliga-
14 tions of the payment plan, as determined by the
15 energy utility firm, telephone company, or wire-
16 less provider.

17 “(4) RELATION TO STATE LAW.—Notwith-
18 standing section 625, this subsection shall not pre-
19 empt any law of a State with respect to furnishing
20 to a consumer reporting agency information relating
21 to the performance of a consumer in making pay-
22 ments pursuant to a contract for a utility or tele-
23 communications service.

24 “(5) DEFINITIONS.—In this subsection, the fol-
25 lowing definitions shall apply:

1 “(A) ENERGY UTILITY FIRM.—The term
2 ‘energy utility firm’ means an entity that pro-
3 vides gas or electric utility services to the pub-
4 lic.

5 “(B) UTILITY OR TELECOMMUNICATION
6 FIRM.—The term ‘utility or telecommunication
7 firm’ means an entity that provides utility serv-
8 ices to the public through pipe, wire, landline,
9 wireless, cable, or other connected facilities, or
10 radio, electronic, or similar transmission (in-
11 cluding the extension of such facilities).”.

12 (b) LIMITATION ON LIABILITY.—Section 623(c) of
13 the Consumer Credit Protection Act (15 U.S.C. 1681s-
14 2(c)) is amended—

15 (1) in paragraph (2), by striking “or” at the
16 end;

17 (2) by redesignating paragraph (3) as para-
18 graph (4); and

19 (3) by inserting after paragraph (2) the fol-
20 lowing new paragraph:

21 “(3) subsection (f) of this section, including any
22 regulations issued thereunder; or”.

23 (c) HUD RULEMAKING.—Not later than the end of
24 the 8-month period following the date of the enactment
25 of this Act, the Secretary of Housing and Urban Develop-

1 ment shall issue regulations directing public housing agen-
2 cies to develop procedures and capacity to—

3 (1) ensure the complete and accurate reporting
4 of data regarding tenants of public housing and
5 families assisted under section 8 of the United
6 States Housing Act of 1937 (42 U.S.C. 1437f) when
7 furnishing information to a consumer reporting
8 agency pursuant to section 623(f) of the Fair Credit
9 Reporting Act; and

10 (2) handle complaints with respect to such re-
11 porting.

12 (d) GAO STUDY AND REPORT.—Not later than 2
13 years after the date that final rules are issued pursuant
14 to subsection (c), the Comptroller General of the United
15 States shall submit to Congress a report on the impact
16 of furnishing information pursuant to subsection (f) of
17 section 623 of the Fair Credit Reporting Act (15 U.S.C.
18 1681s–2) (as added by this section) on consumers.

19 (e) APPLICABILITY.—The amendment by subsection
20 (a) shall not apply to a consumer in connection with a
21 lease in which the Department of Housing and Urban De-
22 velopment provides subsidized payments for occupancy in
23 a dwelling until the date on which final rules are issued
24 pursuant to subsection (c).

1 **TITLE III—SMALL BUSINESS**
2 **MERGERS, ACQUISITIONS,**
3 **SALES, AND BROKERAGE SIM-**
4 **PLIFICATION**

5 **SEC. 301. REGISTRATION EXEMPTION FOR MERGER AND**
6 **ACQUISITION BROKERS.**

7 Section 15(b) of the Securities Exchange Act of 1934
8 (15 U.S.C. 78o(b)) is amended by adding at the end the
9 following:

10 “(13) REGISTRATION EXEMPTION FOR MERGER
11 AND ACQUISITION BROKERS.—

12 “(A) IN GENERAL.—Except as provided in
13 subparagraph (B), an M&A broker shall be ex-
14 empt from registration under this section.

15 “(B) EXCLUDED ACTIVITIES.—An M&A
16 broker is not exempt from registration under
17 this paragraph if such broker does any of the
18 following:

19 “(i) Directly or indirectly, in connec-
20 tion with the transfer of ownership of an
21 eligible privately held company, receives,
22 holds, transmits, or has custody of the
23 funds or securities to be exchanged by the
24 parties to the transaction.

1 “(ii) Engages on behalf of an issuer in
2 a public offering of any class of securities
3 that is registered, or is required to be reg-
4 istered, with the Commission under section
5 12 or with respect to which the issuer files,
6 or is required to file, periodic information,
7 documents, and reports under subsection
8 (d).

9 “(iii) Engages on behalf of any party
10 in a transaction involving a shell company,
11 other than a business combination related
12 shell company.

13 “(iv) Directly, or indirectly through
14 any of its affiliates, provides financing re-
15 lated to the transfer of ownership of an eli-
16 gible privately held company.

17 “(v) Assists any party to obtain fi-
18 nancing from an unaffiliated third party
19 without—

20 “(I) complying with all other ap-
21 plicable laws in connection with such
22 assistance, including, if applicable,
23 Regulation T (12 C.F.R. 220 et seq.);
24 and

1 “(II) disclosing any compensation
2 in writing to the party.

3 “(vi) Represents both the buyer and
4 the seller in the same transaction without
5 providing clear written disclosure as to the
6 parties the broker represents and obtaining
7 written consent from both parties to the
8 joint representation.

9 “(vii) Facilitates a transaction with a
10 group of buyers formed with the assistance
11 of the M&A broker to acquire the eligible
12 privately held company.

13 “(viii) Engages in a transaction in-
14 volving the transfer of ownership of an eli-
15 gible privately held company to a passive
16 buyer or group of passive buyers. For pur-
17 poses of the preceding sentence, a buyer
18 that is actively involved in managing the
19 acquired company is not a passive buyer,
20 regardless of whether such buyer is itself
21 owned by passive beneficial owners.

22 “(ix) Binds a party to a transfer of
23 ownership of an eligible privately held com-
24 pany.

1 “(C) DISQUALIFICATIONS.—An M&A
2 broker is not exempt from registration under
3 this paragraph if such broker is subject to—

4 “(i) suspension or revocation of reg-
5 istration under paragraph (4);

6 “(ii) a statutory disqualification de-
7 scribed in section 3(a)(39);

8 “(iii) a disqualification under the
9 rules adopted by the Commission under
10 section 926 of the Investor Protection and
11 Securities Reform Act of 2010 (15 U.S.C.
12 77d note); or

13 “(iv) a final order described in para-
14 graph (4)(H).

15 “(D) RULE OF CONSTRUCTION.—Nothing
16 in this paragraph shall be construed to limit
17 any other authority of the Commission to ex-
18 empt any person, or any class of persons, from
19 any provision of this title, or from any provision
20 of any rule or regulation thereunder.

21 “(E) DEFINITIONS.—In this paragraph:

22 “(i) BUSINESS COMBINATION RE-
23 LATED SHELL COMPANY.—The term ‘busi-
24 ness combination related shell company’

1 means a shell company that is formed by
2 an entity that is not a shell company—

3 “(I) solely for the purpose of
4 changing the corporate domicile of
5 that entity solely within the United
6 States; or

7 “(II) solely for the purpose of
8 completing a business combination
9 transaction (as defined under section
10 230.165(f) of title 17, Code of Fed-
11 eral Regulations) among one or more
12 entities other than the company itself,
13 none of which is a shell company.

14 “(ii) CONTROL.—The term ‘control’
15 means the power, directly or indirectly, to
16 direct the management or policies of a
17 company, whether through ownership of
18 securities, by contract, or otherwise. There
19 is a presumption of control for any person
20 who—

21 “(I) is a director, general part-
22 ner, member or manager of a limited
23 liability company, or corporate officer
24 of a corporation or limited liability
25 company, and exercises executive re-

1 sponsibility (or has similar status or
2 functions);

3 “(II) has the right to vote 25
4 percent or more of a class of voting
5 securities or the power to sell or direct
6 the sale of 25 percent or more of a
7 class of voting securities; or

8 “(III) in the case of a partner-
9 ship or limited liability company, has
10 the right to receive upon dissolution,
11 or has contributed, 25 percent or
12 more of the capital.

13 “(iii) ELIGIBLE PRIVATELY HELD
14 COMPANY.—The term ‘eligible privately
15 held company’ means a privately held com-
16 pany that meets both of the following con-
17 ditions:

18 “(I) The company does not have
19 any class of securities registered, or
20 required to be registered, with the
21 Commission under section 12 or with
22 respect to which the company files, or
23 is required to file, periodic informa-
24 tion, documents, and reports under
25 subsection (d).

1 “(II) In the fiscal year ending
2 immediately before the fiscal year in
3 which the services of the M&A broker
4 are initially engaged with respect to
5 the securities transaction, the com-
6 pany meets either or both of the fol-
7 lowing conditions (determined in ac-
8 cordance with the historical financial
9 accounting records of the company):

10 “(aa) The earnings of the
11 company before interest, taxes,
12 depreciation, and amortization
13 are less than \$25,000,000.

14 “(bb) The gross revenues of
15 the company are less than
16 \$250,000,000.

17 For purposes of this subclause, the
18 Commission may by rule modify the
19 dollar figures if the Commission deter-
20 mines that such a modification is nec-
21 essary or appropriate in the public in-
22 terest or for the protection of inves-
23 tors.

24 “(iv) M&A BROKER.—The term ‘M&A
25 broker’ means a broker, and any person

1 associated with a broker, engaged in the
2 business of effecting securities transactions
3 solely in connection with the transfer of
4 ownership of an eligible privately held com-
5 pany, regardless of whether the broker acts
6 on behalf of a seller or buyer, through the
7 purchase, sale, exchange, issuance, repur-
8 chase, or redemption of, or a business com-
9 bination involving, securities or assets of
10 the eligible privately held company, if the
11 broker reasonably believes that—

12 “(I) upon consummation of the
13 transaction, any person acquiring se-
14 curities or assets of the eligible pri-
15 vately held company, acting alone or
16 in concert, will control and, directly or
17 indirectly, will be active in the man-
18 agement of the eligible privately held
19 company or the business conducted
20 with the assets of the eligible privately
21 held company; and

22 “(II) if any person is offered se-
23 curities in exchange for securities or
24 assets of the eligible privately held
25 company, such person will, prior to

1 becoming legally bound to consum-
2 mate the transaction, receive or have
3 reasonable access to the most recent
4 fiscal year-end financial statements of
5 the issuer of the securities as custom-
6 arily prepared by the management of
7 the issuer in the normal course of op-
8 erations and, if the financial state-
9 ments of the issuer are audited, re-
10 viewed, or compiled, any related state-
11 ment by the independent accountant,
12 a balance sheet dated not more than
13 120 days before the date of the offer,
14 and information pertaining to the
15 management, business, results of op-
16 erations for the period covered by the
17 foregoing financial statements, and
18 material loss contingencies of the
19 issuer.

20 “(v) SHELL COMPANY.—The term
21 ‘shell company’ means a company that at
22 the time of a transaction with an eligible
23 privately held company—

24 “(I) has no or nominal oper-
25 ations; and

1 “(II) has—

2 “(aa) no or nominal assets;

3 “(bb) assets consisting solely
4 of cash and cash equivalents; or

5 “(cc) assets consisting of
6 any amount of cash and cash
7 equivalents and nominal other as-
8 sets.

9 “(F) INFLATION ADJUSTMENT.—

10 “(i) IN GENERAL.—On the date that
11 is 5 years after the date of the enactment
12 of this paragraph, and every 5 years there-
13 after, each dollar amount in subparagraph
14 (E)(ii)(II) shall be adjusted by—

15 “(I) dividing the annual value of
16 the Employment Cost Index For
17 Wages and Salaries, Private Industry
18 Workers (or any successor index), as
19 published by the Bureau of Labor
20 Statistics, for the calendar year pre-
21 ceding the calendar year in which the
22 adjustment is being made by the an-
23 nual value of such index (or suc-
24 cessor) for the calendar year ending
25 December 31, 2012; and

1 “(II) multiplying such dollar
2 amount by the quotient obtained
3 under subclause (I).

4 “(ii) ROUNDING.—Each dollar
5 amount determined under clause (i) shall
6 be rounded to the nearest multiple of
7 \$100,000.”.

8 **SEC. 302. EFFECTIVE DATE.**

9 The amendment made by this title shall take effect
10 on the date that is 90 days after the date of the enactment
11 of this Act.

12 **TITLE IV—FAIR INVESTMENT**
13 **OPPORTUNITIES FOR PRO-**
14 **FESSIONAL EXPERTS**

15 **SEC. 401. DEFINITION OF ACCREDITED INVESTOR.**

16 (a) IN GENERAL.—Section 2(a)(15) of the Securities
17 Act of 1933 (15 U.S.C. 77b(a)(15) is amended—

18 (1) by redesignating clauses (i) and (ii) as sub-
19 paragraphs (A) and (F), respectively; and

20 (2) in subparagraph (A) (as so redesignated),
21 by striking “; or” and inserting a semicolon, and in-
22 serting after such subparagraph the following:

23 “(B) any natural person whose individual
24 net worth, or joint net worth with that person’s
25 spouse, exceeds \$1,000,000 (which amount,

1 along with the amounts set forth in subpara-
2 graph (C), shall be adjusted for inflation by the
3 Commission every 5 years to the nearest
4 \$10,000 to reflect the change in the Consumer
5 Price Index for All Urban Consumers published
6 by the Bureau of Labor Statistics) where, for
7 purposes of calculating net worth under this
8 subparagraph—

9 “(i) the person’s primary residence
10 shall not be included as an asset;

11 “(ii) indebtedness that is secured by
12 the person’s primary residence, up to the
13 estimated fair market value of the primary
14 residence at the time of the sale of securi-
15 ties, shall not be included as a liability (ex-
16 cept that if the amount of such indebted-
17 ness outstanding at the time of sale of se-
18 curities exceeds the amount outstanding 60
19 days before such time, other than as a re-
20 sult of the acquisition of the primary resi-
21 dence, the amount of such excess shall be
22 included as a liability); and

23 “(iii) indebtedness that is secured by
24 the person’s primary residence in excess of
25 the estimated fair market value of the pri-

1 mary residence at the time of the sale of
2 securities shall be included as a liability;

3 “(C) any natural person who had an indi-
4 vidual income in excess of \$200,000 in each of
5 the 2 most recent years or joint income with
6 that person’s spouse in excess of \$300,000 in
7 each of those years and has a reasonable expect-
8 tation of reaching the same income level in the
9 current year;

10 “(D) any natural person who is currently
11 licensed or registered as a broker or investment
12 adviser by the Commission, the Financial In-
13 dustry Regulatory Authority, or an equivalent
14 self-regulatory organization (as defined in sec-
15 tion 3(a)(26) of the Securities Exchange Act of
16 1934), or the securities division of a State or
17 the equivalent State division responsible for li-
18 censing or registration of individuals in connec-
19 tion with securities activities;

20 “(E) any natural person the Commission
21 determines, by regulation, to have demonstrable
22 education or job experience to qualify such per-
23 son as having professional knowledge of a sub-
24 ject related to a particular investment, and
25 whose education or job experience is verified by

1 the Financial Industry Regulatory Authority or
2 an equivalent self-regulatory organization (as
3 defined in section 3(a)(26) of the Securities Ex-
4 change Act of 1934); or”.

5 (b) RULEMAKING.—The Commission shall revise the
6 definition of accredited investor under Regulation D (17
7 C.F.R. 230.501 et seq.) to conform with the amendments
8 made by subsection (a).

9 **TITLE V—FOSTERING**
10 **INNOVATION**

11 **SEC. 501. TEMPORARY EXEMPTION FOR LOW-REVENUE**
12 **ISSUERS.**

13 Section 404 of the Sarbanes-Oxley Act of 2002 (15
14 U.S.C. 7262) is amended by adding at the end the fol-
15 lowing:

16 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE
17 ISSUERS.—

18 “(1) LOW-REVENUE EXEMPTION.—Subsection
19 (b) shall not apply with respect to an audit report
20 prepared for an issuer that—

21 “(A) ceased to be an emerging growth
22 company on the last day of the fiscal year of
23 the issuer following the fifth anniversary of the
24 date of the first sale of common equity securi-
25 ties of the issuer pursuant to an effective reg-

1 registration statement under the Securities Act of
2 1933;

3 “(B) had average annual gross revenues of
4 less than \$50,000,000 as of its most recently
5 completed fiscal year; and

6 “(C) is not a large accelerated filer.

7 “(2) EXPIRATION OF TEMPORARY EXEMP-
8 TION.—An issuer ceases to be eligible for the exemp-
9 tion described under paragraph (1) at the earliest
10 of—

11 “(A) the last day of the fiscal year of the
12 issuer following the tenth anniversary of the
13 date of the first sale of common equity securi-
14 ties of the issuer pursuant to an effective reg-
15 istration statement under the Securities Act of
16 1933;

17 “(B) the last day of the fiscal year of the
18 issuer during which the average annual gross
19 revenues of the issuer exceed \$50,000,000; or

20 “(C) the date on which the issuer becomes
21 a large accelerated filer.

22 “(3) DEFINITIONS.—For purposes of this sub-
23 section:

24 “(A) AVERAGE ANNUAL GROSS REVE-
25 NUES.—The term ‘average annual gross reve-

1 nues’ means the total gross revenues of an
2 issuer over its most recently completed three
3 fiscal years divided by three.

4 “(B) EMERGING GROWTH COMPANY.—The
5 term ‘emerging growth company’ has the mean-
6 ing given such term under section 3 of the Se-
7 curities Exchange Act of 1934 (15 U.S.C. 78c).

8 “(C) LARGE ACCELERATED FILER.—The
9 term ‘large accelerated filer’ has the meaning
10 given that term under section 240.12b–2 of title
11 17, Code of Federal Regulations, or any suc-
12 cessor thereto.”.

13 **TITLE VI—END BANKING FOR**
14 **HUMAN TRAFFICKERS**

15 **SEC. 601. INCREASING THE ROLE OF THE FINANCIAL IN-**
16 **DUSTRY IN COMBATING HUMAN TRAF-**
17 **FICKING.**

18 (a) TREASURY AS A MEMBER OF THE PRESIDENT’S
19 INTERAGENCY TASK FORCE TO MONITOR AND COMBAT
20 TRAFFICKING.—Section 105(b) of the Victims of Traf-
21 ficking and Violence Protection Act of 2000 (22 U.S.C.
22 7103(b)) is amended by inserting “the Secretary of the
23 Treasury,” after “the Secretary of Education,”.

24 (b) REQUIRED REVIEW OF PROCEDURES.—Not later
25 than 180 days after the date of the enactment of this Act,

1 the Financial Institutions Examination Council, in con-
2 sultation with the Secretary of the Treasury, the private
3 sector, and appropriate law enforcement agencies, shall—

4 (1) review and enhance training and examina-
5 tions procedures to improve the capabilities of anti-
6 money laundering and countering the financing of
7 terrorism programs to detect financial transactions
8 relating to severe forms of trafficking in persons;

9 (2) review and enhance procedures for referring
10 potential cases relating to severe forms of trafficking
11 in persons to the appropriate law enforcement agen-
12 cy; and

13 (3) determine, as appropriate, whether require-
14 ments for financial institutions are sufficient to de-
15 tect and deter money laundering relating to severe
16 forms of trafficking in persons.

17 (c) INTERAGENCY TASK FORCE RECOMMENDATIONS
18 TARGETING MONEY LAUNDERING RELATED TO HUMAN
19 TRAFFICKING.—

20 (1) IN GENERAL.—Not later than 270 days
21 after the date of the enactment of this Act, the
22 Interagency Task Force to Monitor and Combat
23 Trafficking shall submit to the Committee on Finan-
24 cial Services and the Committee on the Judiciary of
25 the House of Representatives, the Committee on

1 Banking, Housing, and Urban Affairs and the Com-
2 mittee on the Judiciary of the Senate, and the head
3 of each appropriate Federal banking agency—

4 (A) an analysis of anti-money laundering
5 efforts of the United States Government and
6 United States financial institutions relating to
7 severe forms of trafficking in persons; and

8 (B) appropriate legislative, administrative,
9 and other recommendations to strengthen ef-
10 forts against money laundering relating to se-
11 vere forms of trafficking in persons.

12 (2) REQUIRED RECOMMENDATIONS.—The rec-
13 ommendations under paragraph (1) shall include—

14 (A) feedback from financial institutions on
15 best practices of successful programs to combat
16 severe forms of trafficking in persons currently
17 in place that may be suitable for broader adop-
18 tion by similarly situated financial institutions;

19 (B) feedback from stakeholders, including
20 victims of severe forms of trafficking in persons
21 and financial institutions, on policy proposals
22 derived from the analysis conducted by the task
23 force referred to in paragraph (1) that would
24 enhance the efforts and programs of financial
25 institutions to detect and deter money laun-

1 dering relating to severe forms of trafficking in
2 persons, including any recommended changes to
3 internal policies, procedures, and controls relat-
4 ing to severe forms of trafficking in persons;

5 (C) any recommended changes to training
6 programs at financial institutions to better
7 equip employees to deter and detect money
8 laundering relating to severe forms of traf-
9 ficking in persons;

10 (D) any recommended changes to expand
11 information sharing relating to severe forms of
12 trafficking in persons among financial institu-
13 tions and between such financial institutions,
14 appropriate law enforcement agencies, and ap-
15 propriate Federal agencies; and

16 (E) recommended changes, if necessary, to
17 existing statutory law to more effectively detect
18 and deter money laundering relating to severe
19 forms of trafficking in persons, where such
20 money laundering involves the use of emerging
21 technologies and virtual currencies.

22 (d) LIMITATION.—Nothing in this title shall be con-
23 strued to grant rulemaking authority to the Interagency
24 Task Force to Monitor and Combat Trafficking.

25 (e) DEFINITIONS.—As used in this section—

1 (1) the term “appropriate Federal banking
2 agency” has the meaning given the term in section
3 3(q) of the Federal Deposit Insurance Act (12
4 U.S.C. 1813(q));

5 (2) the term “severe forms of trafficking in per-
6 sons” has the meaning given such term in section
7 103 of the Trafficking Victims Protection Act of
8 2000 (22 U.S.C. 7102);

9 (3) the term “Interagency Task Force to Mon-
10 itor and Combat Trafficking” means the Interagency
11 Task Force to Monitor and Combat Trafficking es-
12 tablished by the President pursuant to section 105
13 of the Victims of Trafficking and Violence Protec-
14 tion Act of 2000 (22 U.S.C. 7103); and

15 (4) the term “law enforcement agency” means
16 an agency of the United States, a State, or a polit-
17 ical subdivision of a State, authorized by law or by
18 a government agency to engage in or supervise the
19 prevention, detection, investigation, or prosecution of
20 any violation of criminal or civil law.

21 **SEC. 602. COORDINATION OF HUMAN TRAFFICKING ISSUES**
22 **BY THE OFFICE OF TERRORISM AND FINAN-**
23 **CIAL INTELLIGENCE.**

24 (a) **FUNCTIONS.**—Section 312(a)(4) of title 31,
25 United States Code, is amended—

1 (1) by redesignating subparagraphs (E), (F),
2 and (G) as subparagraphs (F), (G), and (H), respec-
3 tively; and

4 (2) by inserting after subparagraph (D) the fol-
5 lowing:

6 “(E) combating illicit financing relating to
7 severe forms of trafficking in persons;”.

8 (b) INTERAGENCY COORDINATION.—Section 312(a)
9 of title 31, United States Code, is amended by adding at
10 the end the following:

11 “(8) INTERAGENCY COORDINATION.—The Sec-
12 retary of the Treasury, after consultation with the
13 Undersecretary for Terrorism and Financial Crimes,
14 shall designate an office within the OTFI that shall
15 coordinate efforts to combat the illicit financing of
16 severe forms of trafficking in persons with—

17 “(A) other offices of the Department of the
18 Treasury;

19 “(B) other Federal agencies, including—

20 “(i) the Office to Monitor and Combat
21 Trafficking in Persons of the Department
22 of State; and

23 “(ii) the Interagency Task Force to
24 Monitor and Combat Trafficking;

1 “(C) State and local law enforcement agen-
2 cies; and

3 “(D) foreign governments.”.

4 (c) DEFINITION.—Section 312(a) of title 31, United
5 States Code, as amended by this section, is further amend-
6 ed by adding at the end the following:

7 “(9) DEFINITION.—In this subsection, the term
8 ‘severe forms of trafficking in persons’ has the
9 meaning given such term in section 103 of the Traf-
10 fficking Victims Protection Act of 2000 (22 U.S.C.
11 7102).”.

12 **SEC. 603. ADDITIONAL REPORTING REQUIREMENT UNDER**
13 **THE TRAFFICKING VICTIMS PROTECTION**
14 **ACT OF 2000.**

15 Section 105(d)(7) of the Trafficking Victims Protec-
16 tion Act of 2000 (22 U.S.C. 7103(d)(7)) is amended—

17 (1) in the matter preceding subparagraph (A)—

18 (A) by inserting “the Committee on Finan-
19 cial Services,” after “the Committee on Foreign
20 Affairs,”; and

21 (B) by inserting “the Committee on Bank-
22 ing, Housing, and Urban Affairs,” after “the
23 Committee on Foreign Relations,”;

24 (2) in subparagraph (Q)(vii), by striking “;
25 and” and inserting a semicolon;

1 (3) in subparagraph (R), by striking the period
2 at the end and inserting “; and”; and

3 (4) by adding at the end the following:

4 “(S) the efforts of the United States to
5 eliminate money laundering relating to severe
6 forms of trafficking in persons and the number
7 of investigations, arrests, indictments, and con-
8 victions in money laundering cases with a nexus
9 to severe forms of trafficking in persons.”.

10 **SEC. 604. MINIMUM STANDARDS FOR THE ELIMINATION OF**
11 **TRAFFICKING.**

12 Section 108(b) of the Trafficking Victims Protection
13 Act of 2000 (22 U.S.C. 7106(b)) is amended by adding
14 at the end the following new paragraph:

15 “(13) Whether the government of the country,
16 consistent with the capacity of the country, has in
17 effect a framework to prevent financial transactions
18 involving the proceeds of severe forms of trafficking
19 in persons, and is taking steps to implement such a
20 framework, including by investigating, prosecuting,
21 convicting, and sentencing individuals who attempt
22 or conduct such transactions.”.

1 **TITLE VII—INVESTING IN MAIN**
2 **STREET**

3 **SEC. 701. INVESTMENT IN SMALL BUSINESS INVESTMENT**
4 **COMPANIES.**

5 Section 302(b) of the Small Business Investment Act
6 of 1958 (15 U.S.C. 682(b)) is amended—

7 (1) in paragraph (1), by inserting before the pe-
8 riod the following: “or, subject to the approval of the
9 appropriate Federal banking agency, 15 percent of
10 such capital and surplus”;

11 (2) in paragraph (2), by inserting before the pe-
12 riod the following: “or, subject to the approval of the
13 appropriate Federal banking agency, 15 percent of
14 such capital and surplus”; and

15 (3) by adding at the end the following:

16 “(3) APPROPRIATE FEDERAL BANKING AGENCY
17 DEFINED.—For purposes of this subsection, the
18 term ‘appropriate Federal banking agency’ has the
19 meaning given that term under section 3 of the Fed-
20 eral Deposit Insurance Act.”.

21 **TITLE VIII—EXCHANGE**
22 **REGULATORY IMPROVEMENT**

23 **SEC. 801. FINDINGS.**

24 The Congress finds the following:

1 (1) Over time, national securities exchanges
2 have expanded their businesses beyond listings and
3 trading to include the sale of additional products
4 and services to their members and listed companies.

5 (2) The Securities and Exchange Commission
6 should be transparent in its interpretation of the
7 term “facility” in section 3(a) of the Securities Ex-
8 change Act of 1934 (15 U.S.C. 78c(a)).

9 **SEC. 802. FACILITY DEFINED.**

10 (a) IN GENERAL.—Not later than 360 days after the
11 date of enactment of this Act, the Securities and Ex-
12 change Commission (the “Commission”) shall adopt regu-
13 lations to further interpret the term “facility” under sec-
14 tion 3(a) of the Securities Exchange Act of 1934. Such
15 regulations shall set forth the facts and circumstances the
16 Commission considers when determining whether any
17 premises or property, or the right to use any premises,
18 property, or service is or is not a facility of an exchange.

19 (b) APPLICATION TO PROPOSED RULES.—The Com-
20 mission shall apply the facts and circumstances set forth
21 in the regulations issued pursuant to subsection (a) in de-
22 termining whether any proposed rule is or is not required
23 to be submitted as a proposed rule filing pursuant to sec-
24 tion 19 of the Securities Exchange Act of 1934 and the
25 rules and regulations issued thereunder.

1 **TITLE IX—ENCOURAGING**
2 **PUBLIC OFFERINGS**

3 **SEC. 901. EXPANDING TESTING THE WATERS AND CON-**
4 **FIDENTIAL SUBMISSIONS.**

5 The Securities Act of 1933 (15 U.S.C. 77a et seq.)
6 is amended—

7 (1) in section 5(d)—

8 (A) by striking “Notwithstanding” and in-
9 serting the following:

10 “(1) IN GENERAL.—Notwithstanding”;

11 (B) by striking “an emerging growth com-
12 pany or any person authorized to act on behalf
13 of an emerging growth company” and inserting
14 “an issuer or any person authorized to act on
15 behalf of an issuer”; and

16 (C) by adding at the end the following:

17 “(2) ADDITIONAL REQUIREMENTS.—

18 “(A) IN GENERAL.—The Commission may
19 issue regulations, subject to public notice and
20 comment, to impose such other terms, condi-
21 tions, or requirements on the engaging in oral
22 or written communications described under
23 paragraph (1) by an issuer other than an
24 emerging growth company as the Commission
25 determines appropriate.

1 “(B) REPORT TO CONGRESS.—Prior to any
2 rulemaking described under subparagraph (A),
3 the Commission shall issue a report to the Con-
4 gress containing a list of the findings sup-
5 porting the basis of such rulemaking.”; and

6 (2) in section 6(e)—

7 (A) in the heading, by striking “EMERG-
8 ING GROWTH COMPANIES” and inserting
9 “DRAFT REGISTRATION STATEMENTS”;

10 (B) by redesignating paragraph (2) as
11 paragraph (4); and

12 (C) by striking paragraph (1) and insert-
13 ing the following:

14 “(1) PRIOR TO INITIAL PUBLIC OFFERING.—

15 Any issuer, prior to its initial public offering date,
16 may confidentially submit to the Commission a draft
17 registration statement, for confidential nonpublic re-
18 view by the staff of the Commission prior to public
19 filing, provided that the initial confidential submis-
20 sion and all amendments thereto shall be publicly
21 filed with the Commission not later than 15 days be-
22 fore the date on which the issuer conducts a road
23 show (as defined under section 230.433(h)(4) of title
24 17, Code of Federal Regulations) or, in the absence

1 of a road show, at least 15 days prior to the re-
2 requested effective date of the registration statement.

3 “(2) WITHIN 1 YEAR AFTER INITIAL PUBLIC
4 OFFERING OR EXCHANGE REGISTRATION.—Any
5 issuer, within the 1-year period following its initial
6 public offering or its registration of a security under
7 section 12(b) of the Securities Exchange Act of
8 1934, may confidentially submit to the Commission
9 a draft registration statement, for confidential non-
10 public review by the staff of the Commission prior
11 to public filing, provided that the initial confidential
12 submission and all amendments thereto shall be pub-
13 licly filed with the Commission not later than 15
14 days before the date on which the issuer conducts a
15 road show (as defined under section 230.433(h)(4)
16 of title 17, Code of Federal Regulations) or, in the
17 absence of a road show, at least 15 days prior to the
18 requested effective date of the registration state-
19 ment.

20 “(3) ADDITIONAL REQUIREMENTS.—

21 “(A) IN GENERAL.—The Commission may
22 issue regulations, subject to public notice and
23 comment, to impose such other terms, condi-
24 tions, or requirements on the submission of
25 draft registration statements described under

1 this subsection by an issuer other than an
2 emerging growth company as the Commission
3 determines appropriate.

4 “(B) REPORT TO CONGRESS.—Prior to any
5 rulemaking described under subparagraph (A),
6 the Commission shall issue a report to the Con-
7 gress containing a list of the findings sup-
8 porting the basis of such rulemaking.”.

9 **TITLE X—FAMILY OFFICE**
10 **TECHNICAL CORRECTION**

11 **SEC. 1001. ACCREDITED INVESTOR CLARIFICATION.**

12 (a) IN GENERAL.—Subject to subsection (b), any
13 family office or a family client of a family office, as defined
14 in section 275.202(a)(11)(G)–1 of title 17, Code of Fed-
15 eral Regulations, shall be deemed to be an accredited in-
16 vestor, as defined in Regulation D of the Securities and
17 Exchange Commission (or any successor thereto) under
18 the Securities Act of 1933.

19 (b) LIMITATION.—Subsection (a) only applies to a
20 family office with assets under management in excess of
21 \$5,000,000, and a family office or a family client not
22 formed for the specific purpose of acquiring the securities
23 offered, and whose purchase is directed by a person who
24 has such knowledge and experience in financial and busi-

1 ness matters that such person is capable of evaluating the
2 merits and risks of the prospective investment.

3 **TITLE XI—EXPANDING ACCESS**
4 **TO CAPITAL FOR RURAL JOB**
5 **CREATORS**

6 **SEC. 1101. ACCESS TO CAPITAL FOR RURAL-AREA SMALL**
7 **BUSINESSES.**

8 Section 4(j) of the Securities Exchange Act of 1934
9 (15 U.S.C. 78d(j)) is amended—

10 (1) in paragraph(4)(C), by inserting “rural-area
11 small businesses,” after “women-owned small busi-
12 nesses,”; and

13 (2) in paragraph (6)(B)(iii), by inserting
14 “rural-area small businesses,” after “women-owned
15 small businesses,”.

16 **TITLE XII—FINANCIAL INSTITU-**
17 **TION LIVING WILL IMPROVE-**
18 **MENT**

19 **SEC. 1201. LIVING WILL REFORMS.**

20 (a) IN GENERAL.—Section 165(d) of the Dodd-
21 Frank Wall Street Reform and Consumer Protection Act
22 (12 U.S.C. 5365(d)) is amended—

23 (1) in paragraph (1), by striking “periodically”
24 and inserting “every 2 years”; and

25 (2) in paragraph (3)—

1 (A) by striking “The Board” and inserting
2 the following:

3 “(A) IN GENERAL.—The Board”;

4 (B) by striking “shall review” and insert-
5 ing the following: “shall—

6 “(i) review”;

7 (C) by striking the period and inserting “;
8 and”; and

9 (D) by adding at the end the following:

10 “(ii) not later than the end of the 6-
11 month period beginning on the date the
12 company submits the resolution plan, pro-
13 vide feedback to the company on such
14 plan.

15 “(B) DISCLOSURE OF ASSESSMENT
16 FRAMEWORK.—The Board of Governors and
17 the Corporation shall publicly disclose the as-
18 sessment framework that is used to review in-
19 formation under this paragraph.”.

20 (b) TREATMENT OF OTHER RESOLUTION PLAN RE-
21 QUIREMENTS.—

22 (1) IN GENERAL.—With respect to an appro-
23 priate Federal banking agency that requires a bank-
24 ing organization to submit to the agency a resolution
25 plan not described under section 165(d) of the

1 Dodd-Frank Wall Street Reform and Consumer Pro-
2 tection Act—

3 (A) the respective agency shall ensure that
4 the review of such resolution plan is consistent
5 with the requirements contained in the amend-
6 ments made by this section;

7 (B) the agency may not require the sub-
8 mission of such a resolution plan more often
9 than every 2 years; and

10 (C) paragraphs (6) and (7) of such section
11 165(d) shall apply to such a resolution plan.

12 (2) DEFINITIONS.—For purposes of this sub-
13 section:

14 (A) APPROPRIATE FEDERAL BANKING
15 AGENCY.—The term “appropriate Federal
16 banking agency”—

17 (i) has the meaning given such term
18 under section 3 of the Federal Deposit In-
19 surance Act; and

20 (ii) means the National Credit Union
21 Administration, in the case of an insured
22 credit union.

23 (B) BANKING ORGANIZATION.—The term
24 “banking organization” means—

25 (i) an insured depository institution;

- 1 (ii) an insured credit union;
- 2 (iii) a depository institution holding
- 3 company;
- 4 (iv) a company that is treated as a
- 5 bank holding company for purposes of sec-
- 6 tion 8 of the International Banking Act;
- 7 and
- 8 (v) a U.S. intermediate holding com-
- 9 pany established by a foreign banking or-
- 10 ganization pursuant to section 252.153 of
- 11 title 12, Code of Federal Regulations.

12 (C) INSURED CREDIT UNION.—The term

13 “insured credit union” has the meaning given

14 that term under section 101 of the Federal

15 Credit Union Act.

16 (D) OTHER BANKING TERMS.—The terms

17 “depository institution holding company” and

18 “insured depository institution” have the mean-

19 ing given those terms, respectively, under sec-

20 tion 3 of the Federal Deposit Insurance Act.

21 (e) RULE OF CONSTRUCTION.—Nothing in this sec-

22 tion, or any amendment made by this section, shall be con-

23 strued as limiting the authority of an appropriate Federal

24 banking agency (as defined under subsection (b)(2)) to ob-

25 tain information from an institution in connection with

1 such agency’s authority to examine or require reports from
2 the institution.

3 **TITLE XIII—PREVENTION OF**
4 **PRIVATE INFORMATION DIS-**
5 **SEMINATION**

6 **SEC. 1301. CRIMINAL PENALTY FOR UNAUTHORIZED DIS-**
7 **CLOSURES.**

8 Section 165 of the Financial Stability Act of 2010
9 (12 U.S.C. 5365) is amended by adding at the end the
10 following:

11 “(1) CRIMINAL PENALTY FOR UNAUTHORIZED DIS-
12 CLOSURES.—Section 552a(i)(1) of title 5, United States
13 Code, shall apply to a determination made under sub-
14 section (d) or (i) based on individually identifiable infor-
15 mation submitted pursuant to the requirements of this
16 section to the same extent as such section 552a(i)(1) ap-
17 plies to agency records which contain individually identifi-
18 able information the disclosure of which is prohibited by
19 such section 552a or by rules or regulations established
20 thereunder.”.

21 **TITLE XIV—INTERNATIONAL**
22 **INSURANCE STANDARDS**

23 **SEC. 1401. SHORT TITLE.**

24 This title may be cited as the “International Insur-
25 ance Standards Act of 2018”.

1 **SEC. 1402. CONGRESSIONAL FINDINGS.**

2 The Congress finds the following:

3 (1) The State-based system for insurance regu-
4 lation in the United States has served American con-
5 sumers well for more than 150 years and has fos-
6 tered an open and competitive marketplace with a
7 diversity of insurance products to the benefit of pol-
8 icyholders and consumers.

9 (2) Protecting policyholders by regulating to en-
10 sure an insurer's ability to pay claims has been the
11 hallmark of the successful United States system and
12 should be the paramount objective of domestic pru-
13 dential regulation and emerging international stand-
14 ards.

15 (3) The Dodd-Frank Wall Street Reform and
16 Consumer Protection Act (Public Law 111–203) re-
17 affirmed the State-based insurance regulatory sys-
18 tem.

19 **SEC. 1403. REQUIREMENT THAT INSURANCE STANDARDS**
20 **REFLECT UNITED STATES POLICY.**

21 (a) REQUIREMENT.—

22 (1) IN GENERAL.—Parties representing the
23 Federal Government in any international regulatory,
24 standard-setting, or supervisory forum or in any ne-
25 gotiations of any international agreements relating
26 to the prudential aspects of insurance shall not

1 agree to, accede to, accept, or establish any proposed
2 agreement or standard if the proposed agreement or
3 standard fails to recognize the United States system
4 of insurance regulation as satisfying such proposals.

5 (2) INAPPLICABILITY.—Paragraph (1) shall not
6 apply to any forum or negotiations relating to a cov-
7 ered agreement (as such term is defined in section
8 313(r) of title 31, United States Code).

9 (b) FEDERAL INSURANCE OFFICE FUNCTIONS.—
10 Subparagraph (E) of section 313(c)(1) of title 31, United
11 States Code, is amended by inserting “Federal Govern-
12 ment” after “United States”.

13 (c) NEGOTIATIONS.—Nothing in this section shall be
14 construed to prevent participation in negotiations of any
15 proposed agreement or standard.

16 **SEC. 1404. STATE INSURANCE REGULATOR INVOLVEMENT**
17 **IN INTERNATIONAL STANDARD SETTING.**

18 In developing international insurance standards pur-
19 suant to section 1403, and throughout the negotiations of
20 such standards, parties representing the Federal Govern-
21 ment shall, on matters related to insurance, closely con-
22 sult, coordinate with, and seek to include in such meetings
23 State insurance commissioners or, at the option of the
24 State insurance commissioners, designees of the insurance
25 commissioners acting at their direction.

1 **SEC. 1405. CONSULTATION WITH CONGRESS.**

2 (a) REQUIREMENT.—Parties representing the Fed-
3 eral Government with respect to any agreement under sec-
4 tion 1403 shall provide written notice to and consult with
5 the Committee on Financial Services of the House of Rep-
6 resentatives and the Committee on Banking, Housing, and
7 Urban Affairs of the Senate, and any other relevant com-
8 mittees of jurisdiction—

9 (1) before initiating negotiations to enter into
10 the agreement, regarding—

11 (A) the intention of the United States to
12 participate in or enter into such negotiations;
13 and

14 (B) the nature and objectives of the nego-
15 tiations; and

16 (2) during negotiations to enter into the agree-
17 ment, regarding—

18 (A) the nature and objectives of the nego-
19 tiations

20 (B) the implementation of the agreement,
21 including how it is consistent with and does not
22 materially differ from or otherwise affect Fed-
23 eral or State laws or regulations;

24 (C) the impact on the competitiveness of
25 United States insurers; and

1 (D) the impact on United States con-
2 sumers.

3 (b) CONSULTATION WITH FEDERAL ADVISORY COM-
4 MITTEE ON INSURANCE.—Before entering into an agree-
5 ment under section 1403, the Secretary of the Treasury
6 shall seek to consult with the Federal Advisory Committee
7 on Insurance formed pursuant to section 313(h) of title
8 31, United States Code.

9 **SEC. 1406. REPORT TO CONGRESS ON INTERNATIONAL IN-**
10 **SURANCE AGREEMENTS.**

11 Before entering into an agreement under section
12 1403, parties representing the Federal Government shall
13 submit to the appropriate congressional committees and
14 leadership a report that describes —

15 (1) the implementation of the agreement, in-
16 cluding how it is consistent with and does not mate-
17 rially differ from or otherwise affect Federal or
18 State laws or regulations;

19 (2) the impact on the competitiveness of United
20 States insurers; and

21 (3) the impact on United States consumers.

22 **SEC. 1407. COVERED AGREEMENTS.**

23 (a) PREEMPTION OF STATE INSURANCE MEAS-
24 URES.—Subsection (f) of section 313 of title 31, United

1 States Code, is amended by striking “Director” each place
2 such term appears and inserting “Secretary”.

3 (b) DEFINITION.—Paragraph (2) of section 313(r) of
4 title 31, United States Code, is amended—

5 (1) in subparagraph (A), by striking “and” at
6 the end;

7 (2) in subparagraph (B), by striking the period
8 at the end and inserting “; and”; and

9 (3) by adding at the end the following new sub-
10 paragraph:

11 “(C) applies only on a prospective basis.”.

12 (c) CONSULTATION; SUBMISSION AND LAYOVER;
13 CONGRESSIONAL REVIEW.—Section 314 of title 31,
14 United States Code is amended—

15 (1) in subsection (b)—

16 (A) in paragraph (2)(C), by striking
17 “laws” and inserting the following: “and Fed-
18 eral law, and the nature of any changes in the
19 laws of the United States or the administration
20 of such laws that would be required to carry out
21 a covered agreement”; and

22 (B) by adding at the end the following new
23 paragraph:

24 “(3) ACCESS TO NEGOTIATING TEXTS AND
25 OTHER DOCUMENTS.—Appropriate congressional

1 committees and staff with proper security clearances
2 shall be given timely access to United States negoti-
3 ating proposals, consolidated draft texts, and other
4 pertinent documents related to the negotiations, in-
5 cluding classified materials.”;

6 (2) by redesignating subsection (c) as sub-
7 section (d);

8 (3) by inserting after subsection (b) the fol-
9 lowing new subsection:

10 “(c) REQUIREMENTS FOR CONSULTATIONS WITH
11 STATE INSURANCE COMMISSIONERS.—Throughout the
12 negotiations of a covered agreement, parties representing
13 the Federal Government shall closely consult and coordi-
14 nate with State insurance commissioners.”;

15 (4) in subsection (d), as so redesignated by
16 paragraph (2)—

17 (A) in the matter preceding paragraph (1),
18 by striking “only if—” and inserting the fol-
19 lowing: “only if, before signing the final legal
20 text or otherwise entering into the agreement—
21 ”;

22 (B) in paragraph (1), by striking “congres-
23 sional committees specified in subsection
24 (b)(1)” and inserting “appropriate congres-
25 sional committees and leadership and to con-

1 congressional committee staff with proper security
2 clearances”; and

3 (C) by striking paragraph (2) and insert-
4 ing the following new paragraph:

5 “(2)(A) the 90-day period beginning on the
6 date on which the copy of the final legal text of the
7 agreement is submitted under paragraph (1) to the
8 congressional committees, leadership, and staff has
9 expired; and

10 “(B) the covered agreement has not been pre-
11 vented from taking effect pursuant to subsection
12 (e).”; and

13 (5) by adding at the end the following new sub-
14 sections:

15 “(e) PERIOD FOR REVIEW BY CONGRESS.—

16 “(1) IN GENERAL.—During the layover period
17 referred to in subsection (d)(2)(A), the Committees
18 on Banking, Housing, and Urban Affairs and Fi-
19 nance of the Senate and the Committees on Finan-
20 cial Services and Ways of Means of the House of
21 Representatives should, as appropriate, exercise
22 their full oversight responsibility.

23 “(2) EFFECT OF ENACTMENT OF A JOINT RES-
24 OLUTION OF DISAPPROVAL.—Notwithstanding any
25 other provision of law, if a joint resolution of dis-

1 approval relating to a covered agreement submitted
2 under subsection (d)(1) is enacted in accordance
3 with subsection (f), the covered agreement shall not
4 enter into force with respect to the United States.

5 “(f) JOINT RESOLUTIONS OF DISAPPROVAL.—

6 “(1) DEFINITION.—In this subsection, the term
7 ‘joint resolution of disapproval’ means, with respect
8 to proposed covered agreement, only a joint resolu-
9 tion of either House of Congress—

10 “(A) that is introduced during the 90-day
11 period referred to in subsection (d)(2)(A) relat-
12 ing to such proposed covered agreement;

13 “(B) which does not have a preamble;

14 “(C) the title of which is as follows: ‘A
15 joint resolution disapproving a certain proposed
16 covered agreement under section 314 of title
17 31, United States Code.’; and

18 “(D) the sole matter after the resolving
19 clause of which is the following: ‘Congress dis-
20 approves of the proposed covered agreement
21 submitted to Congress under section 314(c)(1)
22 of title 31, United States Code, on
23 _____ relating to
24 _____.’, with the first blank space
25 being filled with the appropriate date and the

1 second blank space being filled with a short de-
2 scription of the proposed covered agreement.

3 “(2) INTRODUCTION.—During the layover pe-
4 riod referred to in subsection (d)(2)(A), a joint reso-
5 lution of disapproval may be introduced—

6 “(A) in the House of Representatives, by
7 any Member of the House, and

8 “(B) in the Senate, by any Senator,
9 and shall be referred to the appropriate committees.

10 “(3) RULES OF HOUSE OF REPRESENTATIVES
11 AND SENATE.—This subsection is enacted by Con-
12 gress—

13 “(A) as an exercise of the rulemaking
14 power of the Senate and the House of Rep-
15 resentatives, respectively, and as such is deemed
16 a part of the rules of each House, respectively,
17 and supersedes other rules only to the extent
18 that it is inconsistent with such rules; and

19 “(B) with full recognition of the constitu-
20 tional right of either House to change the rules
21 (so far as relating to the procedure of that
22 House) at any time, in the same manner, and
23 to the same extent as in the case of any other
24 rule of that House.

1 “(g) APPROPRIATE CONGRESSIONAL COMMITTEES
2 AND LEADERSHIP DEFINED.—In this section, the term
3 ‘appropriate congressional committees and leadership’
4 means—

5 “(1) the Committees on Banking, Housing, and
6 Urban Affairs and Finance, and the majority and
7 minority leaders, of the Senate; and

8 “(2) the Committees on Financial Services and
9 Ways and Means, and the Speaker, the majority
10 leader, and the minority leader, of the House of
11 Representatives.”.

12 **SEC. 1408. INAPPLICABILITY TO TRADE AGREEMENTS.**

13 This title and the amendments made by this title
14 shall not apply to any forum or negotiations related to
15 a trade agreement.

16 **TITLE XV—ALLEVIATING STRESS**
17 **TEST BURDENS TO HELP IN-**
18 **VESTORS**

19 **SEC. 1501. STRESS TEST RELIEF FOR NONBANKS.**

20 Section 165(i)(2) of the Dodd-Frank Wall Street Re-
21 form and Consumer Protection Act (12 U.S.C. 5365(i)(2))
22 is amended—

23 (1) in subparagraph (A), by striking “are regu-
24 lated by a primary Federal financial regulatory
25 agency” and inserting: “whose primary financial reg-

1 ulatory agency is a Federal banking agency or the
2 Federal Housing Finance Agency”;

3 (2) in subparagraph (C), by striking “Each
4 Federal primary financial regulatory agency” and
5 inserting “Each Federal banking agency and the
6 Federal Housing Finance Agency”; and

7 (3) by adding at the end the following:

8 “(D) SEC AND CFTC.—The Securities and
9 Exchange Commission and the Commodity Fu-
10 tures Trading Commission may each issue regu-
11 lations requiring financial companies with re-
12 spect to which they are the primary financial
13 regulatory agency to conduct periodic analyses
14 of the financial condition, including available li-
15 quidity, of such companies under adverse eco-
16 nomic conditions.”.

17 **TITLE XVI—NATIONAL STRAT-**
18 **EGY FOR COMBATING THE FI-**
19 **NANCING OF**
20 **TRANSNATIONAL CRIMINAL**
21 **ORGANIZATIONS**

22 **SEC. 1601. NATIONAL STRATEGY.**

23 (a) IN GENERAL.—The President, acting through the
24 Secretary of the Treasury, shall, in consultation with the
25 Attorney General, the Secretary of State, the Secretary

1 of Homeland Security, the Director of National Intel-
2 ligence, the Secretary of Defense, the Director of the Fi-
3 nancial Crimes Enforcement Network, the Director of the
4 United States Secret Service, the Director of the Federal
5 Bureau of Investigation, the Administrator of the Drug
6 Enforcement Administration, the Commissioner of Cus-
7 toms and Border Protection, the Director of the Office
8 of National Drug Control Policy, and the Federal func-
9 tional regulators, develop a national strategy to combat
10 the financial networks of transnational organized crimi-
11 nals.

12 (b) TRANSMITTAL TO CONGRESS.—

13 (1) IN GENERAL.—Not later than 1 year after
14 the enactment of this Act, the President shall sub-
15 mit to the appropriate Congressional committees and
16 make available to the relevant government agencies
17 as defined in subsection (a), a comprehensive na-
18 tional strategy in accordance with subsection (a).

19 (2) UPDATES.—After the initial submission of
20 the national strategy under paragraph (1), the
21 President shall, not less often than every 2 years,
22 update the national strategy and submit the updated
23 strategy to the appropriate Congressional commit-
24 tees.

1 (c) SEPARATE PRESENTATION OF CLASSIFIED MA-
2 TERIAL.—Any part of the national strategy that involves
3 information that is properly classified under criteria estab-
4 lished by the President shall be submitted to Congress sep-
5 arately in a classified annex and, if requested by the chair-
6 man or ranking member of one of the appropriate Con-
7 gressional committees, as a briefing at an appropriate level
8 of security.

9 **SEC. 1602. CONTENTS OF NATIONAL STRATEGY.**

10 The national strategy described in section 1601 shall
11 contain the following:

12 (1) THREATS.—An identification and assess-
13 ment of the most significant current transnational
14 organized crime threats posed to the national secu-
15 rity of the United States or to the U.S. and inter-
16 national financial system, including drug and human
17 trafficking organizations, cyber criminals,
18 kleptocrats, and other relevant state and non-state
19 entities, including those threats identified in the
20 President’s “Strategy to Combat Transnational Or-
21 ganized Crime” (published July 2011).

22 (2) ILLICIT FINANCE.—(A) An identification of
23 individuals, entities, and networks (including ter-
24 rorist organizations, if any) that provide financial
25 support or financial facilitation to transnational or-

1 organized crime groups, and an assessment of the
2 scope and role of those providing financial support
3 to transnational organized crime groups.

4 (B) An assessment of methods by which
5 transnational organized crime groups launder illicit
6 proceeds, including money laundering using real es-
7 tate and other tangible goods such as art and antiq-
8 uities, trade-based money laundering, bulk cash
9 smuggling, exploitation of shell companies, and mis-
10 use of digital currencies and other cyber tech-
11 nologies, as well as an assessment of the risk to the
12 financial system of the United States of such meth-
13 ods.

14 (3) GOALS, OBJECTIVES, PRIORITIES, AND AC-
15 TIONS.—(A) A comprehensive, research-based dis-
16 cussion of short-term and long-term goals, objec-
17 tives, priorities, and actions, listed for each depart-
18 ment and agency described under section 1601(a),
19 for combating the financing of transnational orga-
20 nized crime groups and their facilitators.

21 (B) A description of how the strategy is inte-
22 grated into, and supports, the national security
23 strategy, drug control strategy, and counterterrorism
24 strategy of the United States.

1 (4) **REVIEWS AND PROPOSED CHANGES.**—A re-
2 view of current efforts to combat the financing or fi-
3 nancial facilitation of transnational organized crime,
4 including efforts to detect, deter, disrupt, and pros-
5 ecute transnational organized crime groups and their
6 supporters, and, if appropriate, proposed changes to
7 any law or regulation determined to be appropriate
8 to ensure that the United States pursues coordi-
9 nated and effective efforts within the jurisdiction of
10 the United States, including efforts or actions that
11 are being taken or can be taken by financial institu-
12 tions, efforts in cooperation with international part-
13 ners of the United States, and efforts that build
14 partnerships and global capacity to combat
15 transnational organized crime.

16 **SEC. 1603. DEFINITIONS.**

17 In this title:

18 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**
19 **TEES.**—The term “appropriate congressional com-
20 mittees” means—

21 (A) the Committee on Financial Services,
22 the Committee on Foreign Affairs, the Com-
23 mittee on Armed Services, the Committee on
24 the Judiciary, the Committee on Homeland Se-
25 curity, and the Permanent Select Committee on

1 Intelligence of the House of Representatives;
2 and

3 (B) the Committee on Banking, Housing,
4 and Urban Affairs, the Committee on Foreign
5 Relations, the Committee on Armed Services,
6 the Committee on the Judiciary, the Committee
7 on Homeland Security and Governmental Af-
8 fairs, and the Select Committee on Intelligence
9 of the Senate.

10 (2) FEDERAL FUNCTIONAL REGULATOR.—The
11 term “Federal functional regulator” has the mean-
12 ing given that term in section 509 of the Gramm-
13 Leach-Bliley Act (15 U.S.C. 6809).

14 (3) TRANSNATIONAL ORGANIZED CRIME.—The
15 term “transnational organized crime” refers to those
16 self-perpetuating associations of individuals who op-
17 erate transnationally for the purpose of obtaining
18 power, influence, monetary or commercial gains,
19 wholly or in part by illegal means, while—

20 (A) protecting their activities through a
21 pattern of corruption or violence; or

22 (B) while protecting their illegal activities
23 through a transnational organizational struc-
24 ture and the exploitation of transnational com-
25 merce or communication mechanisms.

1 **TITLE XVII—COMMON SENSE**
2 **CREDIT UNION CAPITAL RELIEF**

3 **SEC. 1701. DELAY IN EFFECTIVE DATE.**

4 Notwithstanding any effective date set forth in the
5 rule issued by the National Credit Union Administration
6 titled “Risk-Based Capital” (published at 80 Fed. Reg.
7 66626 (October 29, 2015)), such final rule shall take ef-
8 fect on January 1, 2021.

9 **TITLE XVIII—OPTIONS MARKETS**
10 **STABILITY**

11 **SEC. 1801. RULEMAKING.**

12 Within 180 days of the date of enactment of this Act,
13 the Board of Governors of the Federal Reserve System,
14 the Federal Deposit Insurance Corporation, and the
15 Comptroller of the Currency shall, jointly, issue a pro-
16 posed rule, and finalize such rule within 360 days of the
17 date of enactment of this Act, to adopt a methodology for
18 calculating the counterparty credit risk exposure, at de-
19 fault, of a depository institution, depository institution
20 holding company, or affiliate thereof to a client arising
21 from a guarantee provided by the depository institution,
22 depository institution holding company, or affiliate thereof
23 to a central counterparty in respect of the client’s per-
24 formance under an exchange-listed derivative contract
25 cleared through that central counterparty pursuant to the

1 risk-based and leverage-based capital rules applicable to
2 depository institutions and depository institution holding
3 companies under parts 3, 217, and 324 of title 12, Code
4 of Federal Regulations. In issuing such rule, the Board
5 of Governors of the Federal Reserve System, the Federal
6 Deposit Insurance Corporation, and the Comptroller of
7 the Currency shall consider—

8 (1) the availability of liquidity provided by mar-
9 ket makers during times of high volatility in the cap-
10 ital markets;

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

13 (3) the preference for clearing through central
14 counterparties;

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

18 (5) the safety and soundness of individual insti-
19 tutions that may centrally clear exchange-listed de-
20 rivatives or options on behalf of a client, including
21 concentration of market share;

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

25 (7) the inherent risk of the positions;

1 (8) barriers to entry for depository institutions,
2 depository institution holding companies, affiliates
3 thereof, and entities not affiliated with a depository
4 institution or depository institution holding company
5 to centrally clear exchange-listed derivatives or op-
6 tions on behalf of market makers;

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

10 (10) consideration of other potential factors
11 that impact market making in the exchange-listed
12 options market, including changes in market struc-
13 ture.

14 **SEC. 1802. REPORT TO CONGRESS.**

15 At the end of the 5-year period beginning on the date
16 the final rule is issued under section 1801, the Board of
17 Governors of the Federal Reserve System shall submit to
18 the Committee on Financial Services of the House of Rep-
19 resentatives and the Committee on Banking, Housing, and
20 Urban Affairs of the Senate a report detailing the impact
21 of the final rule during such period on the factors de-
22 scribed under paragraphs (1) through (10) of section
23 1801.

1 **TITLE XIX—COOPERATE WITH**
2 **LAW ENFORCEMENT AGEN-**
3 **CIES AND WATCH**

4 **SEC. 1901. SAFE HARBOR WITH RESPECT TO KEEP OPEN**
5 **LETTERS.**

6 (a) IN GENERAL.—Subchapter II of chapter 53 of
7 title 31, United States Code, is amended by adding at the
8 end the following:

9 **“§ 5333. Safe harbor with respect to keep open letters**

10 “(a) IN GENERAL.—With respect to a customer ac-
11 count or customer transaction of a financial institution,
12 if a Federal, State, Tribal, or local law enforcement agen-
13 cy requests, in writing, the financial institution to keep
14 such account or transaction open—

15 “(1) the financial institution shall not be liable
16 under this subchapter for maintaining such account
17 or transaction consistent with the parameters of the
18 request; and

19 “(2) no Federal or State department or agency
20 may take any adverse supervisory action under this
21 subchapter with respect to the financial institution
22 for maintaining such account or transaction con-
23 sistent with the parameters of the request.

24 “(b) RULE OF CONSTRUCTION.—Nothing in this sec-
25 tion may be construed—

1 “(1) from preventing a Federal or State depart-
2 ment or agency from verifying the validity of a writ-
3 ten request described under subsection (a) with the
4 Federal, State, Tribal, or local law enforcement
5 agency making the written request; or

6 “(2) to relieve a financial institution from com-
7 plying with any reporting requirements, including
8 the reporting of suspicious transactions under sec-
9 tion 5318(g).

10 “(c) LETTER TERMINATION DATE.—For purposes of
11 this section, any written request described under sub-
12 section (a) shall include a termination date after which
13 such request shall no longer apply.”.

14 (b) CLERICAL AMENDMENT.—The table of contents
15 for chapter 53 of title 31, United States Code, is amended
16 by inserting after the item relating to section 5332 the
17 following:

 “5333. Safe harbor with respect to keep open letters.”.

18 **TITLE XX—MAIN STREET**
19 **GROWTH**

20 **SEC. 2001. VENTURE EXCHANGES.**

21 (a) SECURITIES EXCHANGE ACT OF 1934.—Section
22 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)
23 is amended by adding at the end the following:

24 “(m) VENTURE EXCHANGE.—

25 “(1) REGISTRATION.—

1 “(A) IN GENERAL.—A person may register
2 themselves (and a national securities exchange
3 may register a listing tier of such exchange) as
4 a national securities exchange solely for the
5 purposes of trading venture securities by filing
6 an application with the Commission pursuant to
7 subsection (a) and the rules and regulations
8 thereunder.

9 “(B) PUBLICATION OF NOTICE.—The
10 Commission shall, upon the filing of an applica-
11 tion under subparagraph (A), publish notice of
12 such filing and afford interested persons an op-
13 portunity to submit written data, views, and ar-
14 guments concerning such application.

15 “(C) APPROVAL OR DENIAL.—

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

21 “(I) by order grant such registra-
22 tion; or

23 “(II) institute a denial pro-
24 ceeding under clause (ii) to determine
25 whether registration should be denied.

1 “(ii) DENIAL PROCEEDING.—A pro-
2 ceeding under clause (i)(II) shall include
3 notice of the grounds for denial under con-
4 sideration and opportunity for hearing and
5 shall be concluded within 180 days of the
6 date of the publication of a notice under
7 subparagraph (B). At the conclusion of
8 such proceeding the Commission, by order,
9 shall grant or deny such registration. The
10 Commission may extend the time for con-
11 clusion of such proceeding for up to 90
12 days if the Commission finds good cause
13 for such extension and publishes the Com-
14 mission’s reasons for so finding or for such
15 longer period as to which the applicant
16 consents.

17 “(iii) CRITERIA FOR APPROVAL OR
18 DENIAL.—The Commission shall grant a
19 registration under this paragraph if the
20 Commission finds that the requirements of
21 this title and the rules and regulations
22 thereunder with respect to the applicant
23 are satisfied. The Commission shall deny
24 such registration if it does not make such
25 finding.

1 “(2) POWERS AND RESTRICTIONS.—In addition
2 to the powers and restrictions otherwise applicable
3 to a national securities exchange, a venture ex-
4 change—

5 “(A) may only constitute, maintain, or pro-
6 vide a market place or facilities for bringing to-
7 gether purchasers and sellers of venture securi-
8 ties;

9 “(B) may not extend unlisted trading
10 privileges to any venture security;

11 “(C) may only, if the venture exchange is
12 a listing tier of another national securities ex-
13 change, allow trading in securities that are reg-
14 istered under section 12(b) on a national securi-
15 ties exchange other than a venture exchange;
16 and

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

19 “(i) determine the increment to be
20 used for quoting and trading venture secu-
21 rities on the exchange; and

22 “(ii) choose to carry out periodic auc-
23 tions for the sale of a venture security in-
24 stead of providing continuous trading of
25 the venture security.

1 “(3) TREATMENT OF CERTAIN EXEMPTED SE-
2 CURITIES.—A security that is exempt from registra-
3 tion pursuant to section 3(b) of the Securities Act
4 of 1933 shall be exempt from section 12(a) of this
5 title to the extent such securities are traded on a
6 venture exchange, if the issuer of such security is in
7 compliance with—

8 “(A) all disclosure obligations of such sec-
9 tion 3(b) and the regulations issued under such
10 section; and

11 “(B) ongoing disclosure obligations of the
12 applicable venture exchange that are similar to
13 those provided by an issuer under tier 2 of Reg-
14 ulation A (17 C.F.R. 230.251 et seq.).

15 “(4) VENTURE SECURITIES TRADED ON VEN-
16 TURE EXCHANGES MAY NOT TRADE ON NON-VEN-
17 TURE EXCHANGES.—A venture security may not be
18 traded on a national securities exchange that is not
19 a venture exchange during any period in which the
20 venture security is being traded on a venture ex-
21 change.

22 “(5) RULE OF CONSTRUCTION.—Nothing in
23 this subsection may be construed as requiring trans-
24 actions in venture securities to be effected on a na-
25 tional securities exchange.

1 “(6) COMMISSION AUTHORITY TO LIMIT CER-
2 TAIN TRADING.—The Commission may limit trans-
3 actions in venture securities that are not effected on
4 a national securities exchange as appropriate to pro-
5 mote efficiency, competition, capital formation, and
6 to protect investors.

7 “(7) DISCLOSURES TO INVESTORS.—The Com-
8 mission shall issue regulations to ensure that per-
9 sons selling or purchasing venture securities on a
10 venture exchange are provided disclosures sufficient
11 to understand—

12 “(A) the characteristics unique to venture
13 securities; and

14 “(B) in the case of a venture exchange
15 that is a listing tier of another national securi-
16 ties exchange, that the venture exchange is dis-
17 tinct from the other national securities ex-
18 change.

19 “(8) DEFINITIONS.—For purposes of this sub-
20 section:

21 “(A) EARLY-STAGE, GROWTH COMPANY.—

22 “(i) IN GENERAL.—The term ‘early-
23 stage, growth company’ means an issuer—

1 “(I) that has not made any reg-
2 istered initial public offering of any
3 securities of the issuer; and

4 “(II) with a public float of less
5 than or equal to the value of public
6 float required to qualify as a large ac-
7 celerated filer under section 240.12b-
8 2 of title 17, Code of Federal Regula-
9 tions.

10 “(ii) TREATMENT WHEN PUBLIC
11 FLOAT EXCEEDS THRESHOLD.—An issuer
12 shall not cease to be an early-stage, growth
13 company by reason of the public float of
14 such issuer exceeding the threshold speci-
15 fied in clause (i)(II) until the later of the
16 following:

17 “(I) The end of the period of 24
18 consecutive months during which the
19 public float of the issuer exceeds
20 \$2,000,000,000 (as such amount is
21 indexed for inflation every 5 years by
22 the Commission to reflect the change
23 in the Consumer Price Index for All
24 Urban Consumers published by the
25 Bureau of Labor Statistics, setting

1 the threshold to the nearest
2 \$1,000,000).

3 “(II) The end of the 1-year pe-
4 riod following the end of the 24-
5 month period described under sub-
6 clause (I), if the issuer requests such
7 1-year extension from a venture ex-
8 change and the venture exchange
9 elects to provide such extension.

10 “(B) PUBLIC FLOAT.—With respect to an
11 issuer, the term ‘public float’ means the aggre-
12 gate worldwide market value of the voting and
13 non-voting common equity of the issuer held by
14 non-affiliates.

15 “(C) VENTURE SECURITY.—

16 “(i) IN GENERAL.—The term ‘venture
17 security’ means—

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

22 “(II) securities of an emerging
23 growth company; or

24 “(III) securities registered under
25 section 12(b) and listed on a venture

1 exchange (or, prior to listing on a ven-
2 ture exchange, listed on a national se-
3 curities exchange) where—

4 “(aa) the issuer of such se-
5 curities has a public float less
6 than or equal to the value of pub-
7 lic float required to qualify as a
8 large accelerated filer under sec-
9 tion 240.12b-2 of title 17, Code
10 of Federal Regulations; or

11 “(bb) the average daily
12 trade volume is 75,000 shares or
13 less during a continuous 60-day
14 period.

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

22 “(I) The end of the period of 24
23 consecutive months beginning on the
24 date—

1 “(aa) the public float of
2 such issuer exceeds
3 \$2,000,000,000; and

4 “(bb) the average daily
5 trade volume of such securities is
6 100,000 shares or more during a
7 continuous 60-day period.

8 “(II) The end of the 1-year pe-
9 riod following the end of the 24-
10 month period described under sub-
11 clause (I), if the issuer of such securi-
12 ties requests such 1-year extension
13 from a venture exchange and the ven-
14 ture exchange elects to provide such
15 extension.”.

16 (b) SECURITIES ACT OF 1933.—Section 18 of the Se-
17 curities Act of 1933 (15 U.S.C. 77r) is amended—

18 (1) by redesignating subsection (d) as sub-
19 section (e); and

20 (2) by inserting after subsection (c) the fol-
21 lowing:

22 “(d) TREATMENT OF SECURITIES LISTED ON A VEN-
23 TURE EXCHANGE.—Notwithstanding subsection (b), a se-
24 curity is not a covered security pursuant to subsection
25 (b)(1)(A) if the security is only listed, or authorized for

1 listing, on a venture exchange (as defined under section
2 6(m) of the Securities Exchange Act of 1934).”.

3 (c) SENSE OF CONGRESS.—It is the sense of the Con-
4 gress that the Securities and Exchange Commission
5 should—

6 (1) when necessary or appropriate in the public
7 interest and consistent with the protection of inves-
8 tors, make use of the Commission’s general exemp-
9 tive authority under section 36 of the Securities Ex-
10 change Act of 1934 (15 U.S.C. 78mm) with respect
11 to the provisions added by this section; and

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

15 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
16 tion or the amendments made by this section shall be con-
17 strued to impair or limit the construction of the antifraud
18 provisions of the securities laws (as defined in section 3(a)
19 of the Securities Exchange Act of 1934 (15 U.S.C.
20 78c(a))) or the authority of the Securities and Exchange
21 Commission under those provisions.

22 (e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-
23 TIONAL SECURITIES EXCHANGES.—In the case of a secu-
24 rities exchange that is registered as a national securities
25 exchange under section 6 of the Securities Exchange Act

1 of 1934 (15 U.S.C. 78f) on the date of the enactment of
2 this Act, any election for a listing tier of such exchange
3 to be treated as a venture exchange under subsection (m)
4 of such section shall not take effect before the date that
5 is 180 days after such date of enactment.

6 **TITLE XXI—BUILDING UP INDE-**
7 **PENDENT LIVES AND DREAMS**

8 **SEC. 2101. MORTGAGE LOAN TRANSACTION DISCLOSURE**
9 **REQUIREMENTS.**

10 (a) TILA AMENDMENT.—Section 105 of the Truth
11 in Lending Act (15 U.S.C. 1604) is amended by inserting
12 after subsection (d) the following:

13 “(e) DISCLOSURE FOR CHARITABLE MORTGAGE
14 LOAN TRANSACTIONS.—With respect to a mortgage loan
15 transaction involving a residential mortgage loan offered
16 at zero percent interest primarily for charitable purposes
17 by an organization having tax-exempt status under section
18 501(c)(3) of the Internal Revenue Code of 1986, forms
19 HUD–1 and GFE (as defined under section 1024.2(b) of
20 title 12, Code of Federal Regulations), together with a dis-
21 closure substantially in the form of the Loan Model Form
22 H–2 (as defined under Appendix H to section 1026 of title
23 12, Code of Federal Regulations) shall, collectively, be an
24 appropriate model form for purposes of subsection (b).”.

1 (b) RESPA AMENDMENT.—Section 4 of the Real Es-
2 tate Settlement Procedures Act of 1974 (12 U.S.C. 2603)
3 is amended by adding at the end the following:

4 “(d) With respect to a mortgage loan transaction in-
5 volving a residential mortgage loan offered at zero percent
6 interest primarily for charitable purposes, an organization
7 having tax-exempt status under section 501(c)(3) of the
8 Internal Revenue Code of 1986 may use forms HUD–1
9 and GFE (as defined under section 1024.2(b) of title 12,
10 Code of Federal Regulations) together with a disclosure
11 substantially in the form of the Loan Model Form H–2
12 (as defined under Appendix H to section 1026 of title 12,
13 Code of Federal Regulations), collectively, in lieu of the
14 disclosure published under subsection (a).”.

15 (c) REGULATIONS.—Not later than 180 days after
16 the date of the enactment of this Act, the Director of the
17 Bureau of Consumer Financial Protection shall issue such
18 regulations as may be necessary to implement the amend-
19 ments made by subsections (a) and (b).

20 (d) EFFECTIVE DATE.—The amendments made by
21 subsections (a) and (b) shall take effect on the date of
22 the enactment of this Act.

1 **TITLE XXII—MODERNIZING**
2 **DISCLOSURES FOR INVESTORS**

3 **SEC. 2201. FORM 10-Q ANALYSIS.**

4 (a) IN GENERAL.—The Securities and Exchange
5 Commission shall conduct an analysis of the costs and
6 benefits of requiring reporting companies to use Form 10-
7 Q for submitting quarterly financial reports. Such analysis
8 shall consider—

9 (1) the costs and benefits of Form 10-Q to
10 emerging growth companies;

11 (2) the costs and benefits of Form 10-Q to the
12 Commission in terms of its ability to protect inves-
13 tors, maintain fair, orderly, and efficient markets,
14 and facilitate capital formation;

15 (3) the costs and benefits of Form 10-Q to
16 other reporting companies, investors, market re-
17 searchers, and other market participants, including
18 the costs and benefits associated with—

19 (A) the public availability of the informa-
20 tion required to be filed on Form 10-Q;

21 (B) the use of a standardized reporting
22 format across all classes of reporting compa-
23 nies; and

24 (C) the quarterly disclosure by some com-
25 panies of financial information in formats other

1 than Form 10-Q, such as a quarterly earnings
2 press release;

3 (4) the costs and benefits of alternative formats
4 for quarterly reporting for emerging growth compa-
5 nies to emerging growth companies, the Commission,
6 other reporting companies, investors, market re-
7 searchers, and other market participants; and

8 (5) the expected impact of the use of alternative
9 formats of quarterly reporting by emerging growth
10 companies on overall market transparency and effi-
11 ciency.

12 (b) REPORT REQUIRED.—Not later than 180 days
13 after the date of enactment of this Act, the Commission
14 shall issue a report to Congress that includes—

15 (1) the results of the analysis required by sub-
16 section (a); and

17 (2) recommendations for decreasing costs, in-
18 creasing transparency, and increasing efficiency of
19 quarterly financial reporting by emerging growth
20 companies.

21 **TITLE XXIII—FIGHT ILLICIT NET-**
22 **WORKS AND DETECT TRAF-**
23 **FICKING**

24 **SEC. 2301. FINDINGS.**

25 The Congress finds the following:

1 (1) According to the Drug Enforcement Admin-
2 istration (DEA) 2017 National Drug Threat Assess-
3 ment, transnational criminal organizations are in-
4 creasingly using virtual currencies.

5 (2) The Treasury Department has recognized
6 that: “The development of virtual currencies is an
7 attempt to meet a legitimate market demand. Ac-
8 cording to a Federal Reserve Bank of Chicago econ-
9 omist, United States consumers want payment op-
10 tions that are versatile and that provide immediate
11 finality. No United States payment method meets
12 that description, although cash may come closest.
13 Virtual currencies can mimic cash’s immediate final-
14 ity and anonymity and are more versatile than cash
15 for online and cross-border transactions, making vir-
16 tual currencies vulnerable for illicit transactions.”.

17 (3) Virtual currencies have become a prominent
18 method to pay for goods and services associated with
19 illegal sex trafficking and drug trafficking, which are
20 two of the most detrimental and troubling illegal ac-
21 tivities facilitated by online marketplaces.

22 (4) Online marketplaces, including the dark
23 web, have become a prominent platform to buy, sell,
24 and advertise for illicit goods and services associated
25 with sex trafficking and drug trafficking.

1 (5) According to the International Labour Or-
2 ganization, in 2016, 4.8 million people in the world
3 were victims of forced sexual exploitation, and in
4 2014, the global profit from commercial sexual ex-
5 ploitation was \$99 billion.

6 (6) In 2016, within the United States, the Cen-
7 ter for Disease Control estimated that there were
8 64,000 deaths related to drug overdose, and the
9 most severe increase in drug overdoses were those
10 associated with fentanyl and fentanyl analogs (syn-
11 thetic opioids), which amounted to over 20,000 over-
12 dose deaths.

13 (7) According to the United States Department
14 of the Treasury 2015 National Money Laundering
15 Risk Assessment, an estimated \$64 billion is gen-
16 erated annually from United States drug trafficking
17 sales.

18 (8) Illegal fentanyl in the United States origi-
19 nates primarily from China, and it is readily avail-
20 able to purchase through online marketplaces.

21 **SEC. 2302. GAO STUDY.**

22 (a) **STUDY REQUIRED.**—The Comptroller General of
23 the United States shall conduct a study on how virtual
24 currencies and online marketplaces are used to facilitate
25 sex and drug trafficking. The study shall consider—

1 (1) how online marketplaces, including the dark
2 web, are being used as platforms to buy, sell, or fa-
3 cilitate the financing of goods or services associated
4 with sex trafficking or drug trafficking (specifically,
5 opioids and synthetic opioids, including fentanyl,
6 fentanyl analogs, and any precursor chemicals asso-
7 ciated with manufacturing fentanyl or fentanyl
8 analogs) destined for, originating from, or within the
9 United States;

10 (2) how financial payment methods, including
11 virtual currencies and peer-to-peer mobile payment
12 services, are being utilized by online marketplaces to
13 facilitate the buying, selling, or financing of goods
14 and services associated with sex or drug trafficking
15 destined for, originating from, or within the United
16 States;

17 (3) how virtual currencies are being used to fa-
18 cilitate the buying, selling, or financing of goods and
19 services associated with sex or drug trafficking, des-
20 tined for, originating from, or within the United
21 States, when an online platform is not otherwise in-
22 volved;

23 (4) how illicit funds that have been transmitted
24 online and through virtual currencies are repatriated

1 into the formal banking system of the United States
2 through money laundering or other means;

3 (5) the participants (state and non-state actors)
4 throughout the entire supply chain that participate
5 in or benefit from the buying, selling, or financing
6 of goods and services associated with sex or drug
7 trafficking (either through online marketplaces or
8 virtual currencies) destined for, originating from, or
9 within the United States;

10 (6) Federal and State agency efforts to impede
11 the buying, selling, or financing of goods and serv-
12 ices associated with sex or drug trafficking destined
13 for, originating from, or within the United States,
14 including efforts to prevent the proceeds from sex or
15 drug trafficking from entering the United States
16 banking system;

17 (7) how virtual currencies and their underlying
18 technologies can be used to detect and deter these
19 illicit activities; and

20 (8) to what extent can the immutable and
21 traceable nature of virtual currencies contribute to
22 the tracking and prosecution of illicit funding.

23 (b) SCOPE.—For the purposes of the study required
24 under subsection (a), the term “sex trafficking” means the
25 recruitment, harboring, transportation, provision, obtain-

1 ing, patronizing, or soliciting of a person for the purpose
2 of a commercial sex act that is induced by force, fraud,
3 or coercion, or in which the person induced to perform
4 such act has not attained 18 years of age.

5 (c) REPORT TO CONGRESS.—Not later than 1 year
6 after the date of enactment of this Act, the Comptroller
7 General of the United States shall submit to the Com-
8 mittee on Banking, Housing, and Urban Affairs of the
9 Senate and the Committee on Financial Services of the
10 House of Representatives a report summarizing the re-
11 sults of the study required under subsection (a), together
12 with any recommendations for legislative or regulatory ac-
13 tion that would improve the efforts of Federal agencies
14 to impede the use of virtual currencies and online market-
15 places in facilitating sex and drug trafficking.

16 **TITLE XXIV—IMPROVING IN-**
17 **VESTMENT RESEARCH FOR**
18 **SMALL AND EMERGING**
19 **ISSUERS**

20 **SEC. 2401. RESEARCH STUDY.**

21 (a) STUDY REQUIRED.—The Securities and Ex-
22 change Commission shall conduct a study to evaluate the
23 issues affecting the provision of and reliance upon invest-
24 ment research into small issuers, including emerging

1 growth companies and companies considering initial public
2 offerings.

3 (b) CONTENTS OF STUDY.—The study required
4 under subsection (a) shall consider—

5 (1) factors related to the demand for such re-
6 search by institutional and retail investors;

7 (2) the availability of such research, includ-
8 ing—

9 (A) the number and types of firms who
10 provide such research;

11 (B) the volume of such research over time;

12 and

13 (C) competition in the research market;

14 (3) conflicts of interest relating to the produc-
15 tion and distribution of investment research;

16 (4) the costs of such research;

17 (5) the impacts of different payment mecha-
18 nisms for investment research into small issuers, in-
19 cluding whether such research is paid for by—

20 (A) hard-dollar payments from research
21 clients;

22 (B) payments directed from the client's
23 commission income (i.e., "soft dollars"); or

24 (C) payments from the issuer that is the
25 subject of such research;

1 (6) any unique challenges faced by minority-
2 owned, women-owned, and veteran-owned small
3 issuers in obtaining research coverage; and

4 (7) the impact on the availability of research
5 coverage for small issuers due to—

6 (A) investment adviser concentration and
7 consolidation, including any potential impacts of
8 fund-size on demand for investment research of
9 small issuers;

10 (B) broker and dealer concentration and
11 consolidation, including any relationships be-
12 tween the size of the firm and allocation of re-
13 sources for investment research into small
14 issuers;

15 (C) Securities and Exchange Commission
16 rules;

17 (D) registered national securities associa-
18 tion rules;

19 (E) State and Federal liability concerns;

20 (F) the settlement agreements referenced
21 in Securities and Exchange Commission Litiga-
22 tion Release No. 18438 (i.e., the “Global Re-
23 search Analyst Settlement”); and

24 (G) Directive 2014/65/EU of the European
25 Parliament and of the Council of 15 May 2014

1 on markets in financial instruments and
2 amending Directive 2002/92/EC and Directive
3 2011/61/EU, as implemented by the European
4 Union (“EU”) member states (“MiFID II”).

5 (c) REPORT REQUIRED.—Not later than 180 days
6 after the date of the enactment of this Act, the Securities
7 and Exchange Commission shall submit to Congress a re-
8 port that includes—

9 (1) the results of the study required by sub-
10 section (a); and

11 (2) recommendations to increase the demand
12 for, volume of, and quality of investment research
13 into small issuers, including emerging growth com-
14 panies and companies considering initial public of-
15 ferings.

16 **TITLE XXV—DEVELOPING AND**
17 **EMPOWERING OUR ASPIRING**
18 **LEADERS**

19 **SEC. 2501. DEFINITIONS.**

20 Not later than the end of the 180-day period begin-
21 ning on the date of the enactment of this Act, the Securi-
22 ties and Exchange Commission shall—

23 (1) revise the definition of a qualifying invest-
24 ment under paragraph (c) of section 275.203(l)–1 of
25 title 17, Code of Federal Regulations, to include an

1 equity security issued by a qualifying portfolio com-
2 pany, whether acquired directly from the company or
3 in a secondary acquisition; and

4 (2) revise paragraph (a) of such section to re-
5 quire, as a condition of a private fund qualifying as
6 a venture capital fund under such paragraph, that
7 the qualifying investments of the private fund are
8 predominantly qualifying investments that were ac-
9 quired directly from a qualifying portfolio company.

10 **TITLE XXVI—EXPANDING IN-**
11 **VESTMENT IN SMALL BUSI-**
12 **NESSES**

13 **SEC. 2601. SEC STUDY.**

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

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

23 (1) The size and number of diversified compa-
24 nies that are currently restricted in their ability to

1 own more than 10 percent of the voting shares in an
2 individual company.

3 (2) If investing preferences of diversified com-
4 panies have shifted away from companies with small-
5 er market capitalizations.

6 (3) The expected increase in the availability of
7 capital to small and emerging growth companies if
8 the threshold is increased.

9 (4) The ability of registered funds to manage li-
10 quidity risk.

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

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

17 (d) REPORT.—Not later than the end of the 180-day
18 period beginning on the date of enactment of this Act, the
19 Commission shall issue a report to the Congress, and
20 make such report publicly available on the website of the
21 Commission, containing—

22 (1) all findings and determinations made in car-
23 rying out the study required under subsection (a);
24 and

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

4 **TITLE XXVII—PROMOTING**
5 **TRANSPARENT STANDARDS**
6 **FOR CORPORATE INSIDERS**

7 **SEC. 2701. SEC STUDY.**

8 (a) STUDY.—

9 (1) IN GENERAL.—The Securities and Ex-
10 change Commission shall carry out a study of
11 whether Rule 10b5–1 (17 C.F.R. 240.10b5–1)
12 should be amended to—

13 (A) limit the ability of issuers and issuer
14 insiders to adopt a plan described under para-
15 graph (c)(1)(i)(A)(3) of Rule 10b5–1 (“trading
16 plan”) when the issuer or issuer insider is per-
17 mitted to buy or sell securities during issuer-
18 adopted trading windows;

19 (B) limit the ability of issuers and issuer
20 insiders to adopt multiple, overlapping trading
21 plans;

22 (C) establish a mandatory delay between
23 the adoption of a trading plan and the execu-
24 tion of the first trade pursuant to such a plan

1 and, if so and depending on the Commission's
2 findings with respect to subparagraph (A)—

3 (i) whether any such delay should be
4 the same for trading plans adopted during
5 an issuer-adopted trading window as op-
6 posed to outside of such a window; and

7 (ii) whether any exceptions to such a
8 delay are appropriate;

9 (D) limit the frequency that issuers and
10 issuer insiders may modify or cancel trading
11 plans;

12 (E) require issuers and issuer insiders to
13 file with the Commission trading plan adop-
14 tions, amendments, terminations and trans-
15 actions; or

16 (F) require boards of issuers that have
17 adopted a trading plan to—

18 (i) adopt policies covering trading
19 plan practices;

20 (ii) periodically monitor trading plan
21 transactions; and

22 (iii) ensure that issuer policies discuss
23 trading plan use in the context of guide-
24 lines or requirements on equity hedging,
25 holding, and ownership.

1 (2) ADDITIONAL CONSIDERATIONS.—In car-
2 rying out the study required under paragraph (1),
3 the Commission shall consider—

4 (A) how any such amendments may clarify
5 and enhance existing prohibitions against in-
6 sider trading;

7 (B) the impact any such amendments may
8 have on the ability of issuers to attract persons
9 to become an issuer insider;

10 (C) the impact any such amendments may
11 have on capital formation;

12 (D) the impact any such amendments may
13 have on an issuer's willingness to operate as a
14 public company; and

15 (E) any other consideration that the Com-
16 mission considers necessary and appropriate for
17 the protection of investors.

18 (b) REPORT.—Not later than the end of the 1-year
19 period beginning on the date of the enactment of this Act,
20 the Commission shall issue a report to the Committee on
21 Financial Services of the House of Representatives and
22 the Committee on Banking, Housing, and Urban Affairs
23 of the Senate containing all findings and determinations
24 made in carrying out the study required under section (a).

1 (c) RULEMAKING.—After the completion of the study
2 required under subsection (a), the Commission shall, sub-
3 ject to public notice and comment, revise Rule 10b5–1
4 consistent with the results of such study.

5 **TITLE XXVIII—INVESTMENT AD-**
6 **VISER REGULATORY FLEXI-**
7 **BILITY IMPROVEMENT**

8 **SEC. 2801. DEFINITION OF SMALL BUSINESS OF SMALL OR-**
9 **GANIZATION.**

10 Not later than end the of the 1-year period beginning
11 on the date of the enactment of this Act, the Securities
12 and Exchange Commission shall revise the definitions of
13 a “small business” and “small organization” under section
14 275.0–7 of title 17, Code of Federal Regulations, to pro-
15 vide alternative methods under which a business or organi-
16 zation may qualify as a “small business” or “small organi-
17 zation” under such section. In making such revision, the
18 Commission shall consider whether such alternative meth-
19 ods should include a threshold based on the number of
20 non-clerical employees of the business or organization.

1 **TITLE XXIX—ENHANCING MULTI-**
2 **CLASS SHARE DISCLOSURES**

3 **SEC. 2901. DISCLOSURE RELATING TO MULTI-CLASS SHARE**
4 **STRUCTURES.**

5 Section 14 of the Securities Exchange Act of 1934
6 (15 U.S.C. 78n) is amended by adding at the end the fol-
7 lowing:

8 “(k) DISCLOSURE FOR ISSUERS WITH MULTI-CLASS
9 SHARE STRUCTURES.—

10 “(1) DISCLOSURE.—The Commission shall, by
11 rule, require each issuer with a multi-class share
12 structure to disclose the information described in
13 paragraph (2) in any proxy or consent solicitation
14 material for an annual meeting of the shareholders
15 of the issuer, or any other filing as the Commission
16 determines appropriate.

17 “(2) CONTENT.—A disclosure made under
18 paragraph (1) shall include, with respect to each
19 person who is a director, director nominee, or named
20 executive officer of the issuer, or who is the bene-
21 ficial owner of securities with 5 percent or more of
22 the total combined voting power of all classes of se-
23 curities entitled to vote in the election of directors—

24 “(A) the number of shares of all classes of
25 securities entitled to vote in the election of di-

1 rectors beneficially owned by such person, ex-
2 pressed as a percentage of the total number of
3 the outstanding securities of the issuer entitled
4 to vote in the election of directors; and

5 “(B) the amount of voting power held by
6 such person, expressed as a percentage of the
7 total combined voting power of all classes of the
8 securities of the issuer entitled to vote in the
9 election of directors.

10 “(3) MULTI-CLASS SHARE STRUCTURE.—In this
11 subsection, the term ‘multi-class share structure’
12 means a capitalization structure that contains 2 or
13 more classes of securities that have differing
14 amounts of voting rights in the election of direc-
15 tors.”.

16 **TITLE XXX—NATIONAL SENIOR** 17 **INVESTOR INITIATIVE**

18 **SEC. 3001. SENIOR INVESTOR TASKFORCE.**

19 Section 4 of the Securities Exchange Act of 1934 (15
20 U.S.C. 78d) is amended by adding at the end the fol-
21 lowing:

22 “(k) SENIOR INVESTOR TASKFORCE.—

23 “(1) ESTABLISHMENT.—There is established
24 within the Commission the Senior Investor

1 Taskforce (in this subsection referred to as the
2 ‘Taskforce’).

3 “(2) DIRECTOR OF THE TASKFORCE.—The
4 head of the Taskforce shall be the Director, who
5 shall—

6 “(A) report directly to the Chairman; and

7 “(B) be appointed by the Chairman, in
8 consultation with the Commission, from among
9 individuals—

10 “(i) currently employed by the Com-
11 mission or from outside of the Commis-
12 sion; and

13 “(ii) having experience in advocating
14 for the interests of senior investors.

15 “(3) STAFFING.—The Chairman shall ensure
16 that—

17 “(A) the Taskforce is staffed sufficiently to
18 carry out fully the requirements of this sub-
19 section; and

20 “(B) such staff shall include individuals
21 from the Division of Enforcement, Office of
22 Compliance Inspections and Examinations, and
23 Office of Investor Education and Advocacy.

24 “(4) MINIMIZING DUPLICATION OF EFFORTS.—

25 In organizing and staffing the Taskforce, the Chair-

1 man shall take such actions as may be necessary to
2 minimize the duplication of efforts within the divi-
3 sions and offices described under paragraph (3)(B)
4 and any other divisions, offices, or taskforces of the
5 Commission.

6 “(5) FUNCTIONS OF THE TASKFORCE.—The
7 Taskforce shall—

8 “(A) identify challenges that senior inves-
9 tors encounter, including problems associated
10 with financial exploitation and cognitive decline;

11 “(B) identify areas in which senior inves-
12 tors would benefit from changes in the regula-
13 tions of the Commission or the rules of self-reg-
14 ulatory organizations;

15 “(C) coordinate, as appropriate, with other
16 offices within the Commission, other taskforces
17 that may be established within the Commission,
18 self-regulatory organizations, and the Elder
19 Justice Coordinating Council; and

20 “(D) consult, as appropriate, with State
21 securities and law enforcement authorities,
22 State insurance regulators, and other Federal
23 agencies.

24 “(6) REPORT.—The Taskforce, in coordination,
25 as appropriate, with the Office of the Investor Advo-

1 cate and self-regulatory organizations, and in con-
2 sultation, as appropriate, with State securities and
3 law enforcement authorities, State insurance regu-
4 lators, and Federal agencies, shall issue a report
5 every 2 years to the Committee on Banking, Hous-
6 ing, and Urban Affairs of the Senate and the Com-
7 mittee on Financial Services of the House of Rep-
8 resentatives, the first of which shall not be issued
9 until after the report described in section 3 of the
10 National Senior Investor Initiative Act of 2018 has
11 been issued and considered by the Taskforce, con-
12 taining—

13 “(A) appropriate statistical information
14 and full and substantive analysis;

15 “(B) a summary of recent trends and inno-
16 vations that have impacted the investment land-
17 scape for senior investors;

18 “(C) a summary of regulatory initiatives
19 that have concentrated on senior investors and
20 industry practices related to senior investors;

21 “(D) key observations, best practices, and
22 areas needing improvement, involving senior in-
23 vestors identified during examinations, enforce-
24 ment actions, and investor education outreach;

1 “(E) a summary of the most serious issues
2 encountered by senior investors, including
3 issues involving financial products and services;

4 “(F) an analysis with regard to existing
5 policies and procedures of brokers, dealers, in-
6 vestment advisers, and other market partici-
7 pants related to senior investors and senior in-
8 vestor-related topics and whether these policies
9 and procedures need to be further developed or
10 refined;

11 “(G) recommendations for such changes to
12 the regulations, guidance, and orders of the
13 Commission and self-regulatory organizations
14 and such legislative actions as may be appro-
15 priate to resolve problems encountered by senior
16 investors; and

17 “(H) any other information, as determined
18 appropriate by the Director of the Taskforce.

19 “(7) SUNSET.—The Taskforce shall terminate
20 after the end of the 10-year period beginning on the
21 date of the enactment of this subsection, but may be
22 reestablished by the Chairman.

23 “(8) SENIOR INVESTOR DEFINED.—For pur-
24 poses of this subsection, the term ‘senior investor’
25 means an investor over the age of 65.”.

1 **SEC. 3002. GAO STUDY.**

2 (a) IN GENERAL.—Not later than 1 year after the
3 date of enactment of this Act, the Comptroller General
4 of the United States shall submit to Congress and the
5 Senior Investor Taskforce the results of a study on the
6 economic costs of the financial exploitation of senior citi-
7 zens.

8 (b) CONTENTS.—The study required under sub-
9 section (a) shall include information with respect to—

10 (1) costs—

11 (A) associated with losses by victims that
12 were incurred as a result of the financial exploi-
13 tation of senior citizens;

14 (B) incurred by State and Federal agen-
15 cies, law enforcement and investigatory agen-
16 cies, public benefit programs, public health pro-
17 grams, and other public programs as a result of
18 the financial exploitation of senior citizens; and

19 (C) incurred by the private sector as a re-
20 sult of the financial exploitation of senior citi-
21 zens; and

22 (2) any other relevant costs that—

23 (A) result from the financial exploitation of
24 senior citizens; and

25 (B) the Comptroller General determines
26 are necessary and appropriate to include in

1 order to provide Congress and the public with
2 a full and accurate understanding of the eco-
3 nomic costs resulting from the financial exploi-
4 tation of senior citizens in the United States.

5 (c) SENIOR CITIZEN DEFINED.—For purposes of this
6 section, the term “senior citizen” means an individual over
7 the age of 65.

8 **TITLE XXXI—MIDDLE MARKET**
9 **IPO UNDERWRITING COST**

10 **SEC. 3101. STUDY ON IPO FEES.**

11 (a) STUDY.—The Securities and Exchange Commis-
12 sion, in consultation with the Financial Industry Regu-
13 latory Authority, shall carry out a study of the costs asso-
14 ciated with small- and medium-sized companies to under-
15 take initial public offerings (“IPOs”). In carrying out such
16 study, the Commission shall—

17 (1) consider the direct and indirect costs of an
18 IPO, including—

19 (A) fees, such as gross spreads paid to un-
20 derwriters, IPO advisors, and other profes-
21 sionals;

22 (B) compliance with Federal and State se-
23 curities laws at the time of the IPO; and

24 (C) such other IPO-related costs as the
25 Commission determines appropriate;

1 (2) compare and analyze the costs of an IPO
2 with the costs of obtaining alternative sources of fi-
3 nancing and of liquidity;

4 (3) consider the impact of such costs on capital
5 formation;

6 (4) analyze the impact of these costs on the
7 availability of public securities of small- and me-
8 dium-sized companies to retail investors; and

9 (5) analyze trends in IPOs over a time period
10 the Commission determines is appropriate to analyze
11 IPO pricing practices, considering—

12 (A) the number of IPOs;

13 (B) how costs for IPOs have evolved over
14 time, including fees paid to underwriters, in-
15 vestment advisory firms, and other professions
16 for services in connection with an IPO;

17 (C) the number of brokers and dealers ac-
18 tive in underwriting IPOs;

19 (D) the different types of services that un-
20 derwriters and related persons provide before
21 and after a small- or medium-sized company
22 IPO and the factors impacting underwriting
23 costs;

1 (E) changes in the costs and availability of
2 investment research for small- and medium-
3 sized companies; and

4 (F) any other consideration the Commis-
5 sion considers necessary and appropriate.

6 (b) REPORT.—Not later than the end of the 360-day
7 period beginning on the date of the enactment of this Act,
8 the Commission shall issue a report to the Congress con-
9 taining all findings and determinations made in carrying
10 out the study required under subsection (a) and any ad-
11 ministrative or legislative recommendations the Commis-
12 sion may have.

13 **TITLE XXXII—CROWDFUNDING** 14 **AMENDMENTS**

15 **SEC. 3201. CROWDFUNDING VEHICLES.**

16 (a) AMENDMENTS TO THE SECURITIES ACT OF
17 1933.—The Securities Act of 1933 (15 U.S.C. 77a et
18 seq.) is amended—

19 (1) in section 2(a) (15 U.S.C. 77b(a)), by add-
20 ing at the end the following:

21 “(20) The term ‘crowdfunding vehicle’ has the
22 meaning given the term in section 3(e)(15)(B) of the
23 Investment Company Act of 1940 (15 U.S.C. 80a-
24 3(e)(15)(B)).”;

25 (2) in section 4(a)(6) (15 U.S.C. 77d(a)(6))—

1 (A) in subparagraph (A)—

2 (i) by inserting “, other than a
3 crowdfunding vehicle,” after “sold to all
4 investors”; and

5 (ii) by inserting “other than a
6 crowdfunding vehicle,” after “the issuer,”;
7 and

8 (B) in subparagraph (B), in the matter
9 preceding clause (i), by inserting “, other than
10 a crowdfunding vehicle,” after “any investor”;
11 and

12 (3) in section 4A(f) (15 U.S.C. 77d–1(f))—

13 (A) in the matter preceding paragraph (1),
14 by striking “Section 4(6)” and inserting “Sec-
15 tion 4(a)(6)”; and

16 (B) in paragraph (3), by inserting “by any
17 of paragraphs (1) through (14) of” before “sec-
18 tion 3(c)”.

19 (b) AMENDMENTS TO THE INVESTMENT COMPANY
20 ACT OF 1940.—Section 3(c) of the Investment Company
21 Act of 1940 (15 U.S.C. 80a–3(c)) is amended by adding
22 at the end the following:

23 “(15)(A) Any crowdfunding vehicle.

24 “(B) For purposes of this paragraph, the term
25 ‘crowdfunding vehicle’ means a company—

1 “(i) the purpose of which (as set forth in
2 the organizational documents of the company)
3 is limited to acquiring, holding, and disposing
4 of securities issued by a single company in 1 or
5 more transactions made under section 4(a)(6)
6 of the Securities Act of 1933 (15 U.S.C.
7 77d(a)(6));

8 “(ii) that issues only 1 class of securities;

9 “(iii) that receives no compensation in con-
10 nection with the acquisition, holding, or disposi-
11 tion of securities described in clause (i);

12 “(iv) no investment adviser or associated
13 person of which receives any compensation on
14 the basis of a share of capital gains upon, or
15 capital appreciation of, any portion of the funds
16 of an investor of the company;

17 “(v) the securities of which have been
18 issued in a transaction made under section
19 4(a)(6) of the Securities Act of 1933 (15
20 U.S.C. 77d(a)(6)), where both the
21 crowdfunding vehicle and the company whose
22 securities the crowdfunding vehicle holds are co-
23 issuers;

24 “(vi) that is current with respect to ongo-
25 ing reporting requirements under section

1 227.202 of title 17, Code of Federal Regula-
2 tions, or any successor regulation;

3 “(vii) that holds securities of a company
4 that is subject to ongoing reporting require-
5 ments under section 227.202 of title 17, Code
6 of Federal Regulations, or any successor regula-
7 tion; and

8 “(viii) that is advised by an investment ad-
9 viser that is—

10 “(I) registered under the Investment
11 Advisers Act of 1940 (15 U.S.C. 80b–1 et
12 seq.); and

13 “(II) required to—

14 “(aa) disclose to the investors of
15 the company any fees charged by the
16 investment adviser; and

17 “(bb) obtain approval from a ma-
18 jority of the investors of the company
19 with respect to any increase in the
20 fees described in item (aa).”.

21 (c) AMENDMENTS TO THE INVESTMENT ADVISERS
22 ACT OF 1940.—The Investment Advisers Act of 1940 (15
23 U.S.C. 80b–1 et seq.) is amended—

24 (1) in section 202(a) (15 U.S.C. 80b–2(a))—

1 (A) by redesignating the second paragraph
2 (29) as paragraph (31); and

3 (B) by adding at the end the following:

4 “(32) The term ‘crowdfunding vehicle’ has the
5 meaning given the term in section 3(c)(15)(B) of the
6 Investment Company Act of 1940 (15 U.S.C. 80a–
7 3(c)(15)(B)).

8 “(33)(A) The term ‘crowdfunding vehicle ad-
9 viser’ means an investment adviser that acts as an
10 investment adviser solely with respect to
11 crowdfunding vehicles.

12 “(B) A determination, for the purposes of sub-
13 paragraph (A), regarding whether an investment ad-
14 viser acts as an investment adviser solely with re-
15 spect to crowdfunding vehicles shall not include any
16 consideration of the activity of any affiliate of the
17 investment adviser.”;

18 (2) in section 203 (15 U.S.C. 80b–3), by add-
19 ing at the end the following:

20 “(o) CROWDFUNDING VEHICLE ADVISERS.—

21 “(1) IN GENERAL.—A crowdfunding vehicle ad-
22 viser shall be required to register under this section.

23 “(2) TAILORED REQUIREMENTS.—As necessary
24 or appropriate in the public interest and for the pro-
25 tection of investors, and to promote efficiency, com-

1 petition, and capital formation, the Commission may
2 tailor the requirements under section 275.206(4)–2
3 of title 17, Code of Federal Regulations, with re-
4 spect to the application of those requirements to a
5 crowdfunding vehicle adviser.”; and

6 (3) in section 203A(a) (15 U.S.C. 80b–3a(a))—

7 (A) in paragraph (1)—

8 (i) in subparagraph (A), by striking
9 “or” at the end;

10 (ii) in subparagraph (B), by striking
11 the period at the end and inserting “; or”;

12 and

13 (iii) by adding at the end the fol-
14 lowing:

15 “(C) is a crowdfunding vehicle adviser.”;

16 and

17 (B) in paragraph (2)—

18 (i) in subparagraph (A), by inserting
19 “a crowdfunding vehicle adviser,” after
20 “unless the investment adviser is”; and

21 (ii) in subparagraph (B)(ii), in the
22 matter preceding subclause (I), by insert-
23 ing “except with respect to a crowdfunding
24 vehicle adviser,” before “has assets”.

1 **SEC. 3202. CROWDFUNDING EXEMPTION FROM REGISTRA-**
2 **TION.**

3 Section 12(g)(6) of the Securities Exchange Act of
4 1934 (15 U.S.C. 78l(g)(6)) is amended—

5 (1) by striking “The Commission” and insert-
6 ing the following:

7 “(A) IN GENERAL.—The Commission”;

8 (2) in subparagraph (A), as so designated, by
9 striking “section 4(6)” and inserting “section
10 4(a)(6)”; and

11 (3) by adding at the end the following:

12 “(B) TREATMENT OF SECURITIES ISSUED
13 BY CERTAIN ISSUERS.—

14 “(i) IN GENERAL.—An exemption
15 under subparagraph (A) shall be uncondi-
16 tional for securities offered by an issuer
17 that had a public float of less than
18 \$75,000,000, as of the last business day of
19 the most recently completed semiannual
20 period of the issuer, which shall be cal-
21 culated in accordance with clause (ii).

22 “(ii) CALCULATION.—

23 “(I) IN GENERAL.—A public
24 float described in clause (i) shall be
25 calculated by multiplying the aggre-
26 gate worldwide number of shares of

1 the common equity securities of an
2 issuer that are held by non-affiliates
3 by the price at which those securities
4 were last sold (or the average bid and
5 asked prices of those securities) in the
6 principal market for those securities.

7 “(II) CALCULATION OF ZERO.—
8 If a public float calculation under sub-
9 clause (I) with respect to an issuer is
10 zero, an exemption under subpara-
11 graph (A) shall be unconditional for
12 securities offered by the issuer if the
13 issuer had annual revenues of less
14 than \$50,000,000, as of the most re-
15 cently completed fiscal year of the
16 issuer.”.

Amend the title so as to read: “A bill to modernize U.S. markets and to promote capital formation, investor confidence, and economic growth, and for other purposes.”.