Suspend the Rules and Pass the Bill, H.R. 3050, With an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

116TH CONGRESS
1ST SESSION
H. R. 3050

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

IN THE HOUSE OF REPRESENTATIVES

MAY 30, 2019

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

A BILL

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

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 
4 SECTION 1. SHORT TITLE.
5 This Act may be cited as the “Expanding Investment
SEC. 2. SEC STUDY.

(a) IN GENERAL.—The Securities and Exchange Commission shall carry out a study of the 10 per centum threshold limitation applicable to the definition of a diversified company under section 5(b)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and determine the impacts of such threshold limits upon the protection of investors, efficiency, competition, and capital formation.

(b) CONSIDERATIONS.—In carrying out the study required under subsection (a), the Commission shall consider the following:

(1) The size and number of diversified companies that are currently restricted in their ability to own more than 10 percent of the voting shares in an individual company.

(2) How the investing preferences of diversified companies have shifted over time with respect to companies with smaller market capitalizations and companies in industries where competition may be limited.

(3) The expected impact to small and emerging growth companies regarding the availability of capital, related impacts on investor confidence and risk, and impacts on competition, if the threshold is increased or otherwise changed.
(4) The ability of registered funds to manage liquidity risk.

(5) Any other consideration that the Commission considers necessary and appropriate for the protection of investors.

(c) Solicitation of Public Comments.—In carrying out the study required under subsection (a), the Commission may solicit public comments.

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

(1) all findings and determinations made in carrying out the study required under subsection (a); and

(2) any legislative recommendations of the Commission.