

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 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Expanding Investment
5 in Small Businesses Act of 2019”.

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

2 (a) IN GENERAL.—The Securities and Exchange
3 Commission shall carry out a study of the 10 per centum
4 threshold limitation applicable to the definition of a diver-
5 sified company under section 5(b)(1) of the Investment
6 Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and deter-
7 mine the impacts of such threshold limits upon the protec-
8 tion of investors, efficiency, competition, and capital for-
9 mation.

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

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

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

22 (3) The expected impact to small and emerging
23 growth companies regarding the availability of cap-
24 ital, related impacts on investor confidence and risk,
25 and impacts on competition, if the threshold is in-
26 creased or otherwise changed.

1 (4) The ability of registered funds to manage li-
2 quidity risk.

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

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

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

14 (1) all findings and determinations made in car-
15 rying out the study required under subsection (a);
16 and

17 (2) any legislative recommendations of the
18 Commission.