

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2627
OFFERED BY MRS. WAGNER OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Increasing Investor
3 Opportunities Act”.

**4 SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN
5 PRIVATE FUNDS.**

6 (a) IN GENERAL.—Section 5 of the Investment Com-
7 pany Act of 1940 (15 U.S.C. 80a–5) is amended by add-
8 ing at the end the following:

9 “(d) CLOSED-END COMPANY AUTHORITY TO INVEST
10 IN PRIVATE FUNDS.—

11 “(1) IN GENERAL.—Except as otherwise pro-
12 hibited or restricted by this Act (or any rule issued
13 under this Act), the Commission may not prohibit or
14 otherwise limit a closed-end company from investing
15 any or all of the assets of the closed-end company
16 in securities issued by private funds.

17 “(2) OTHER RESTRICTIONS ON COMMISSION AU-
18 THORITY.—

1 “(A) IN GENERAL.—Except as otherwise
2 prohibited or restricted by this Act (or any rule
3 issued under this Act) or to the extent per-
4 mitted by subparagraph (B), the Commission
5 may not impose any condition on, restrict, or
6 otherwise limit—

7 “(i) the offer to sell, or the sale of, se-
8 curities issued by a closed-end company
9 that invests, or proposes to invest, in secu-
10 rities issued by private funds; or

11 “(ii) the listing of the securities of a
12 closed-end company described in clause (i)
13 on a national securities exchange.

14 “(B) UNRELATED RESTRICTIONS.—The
15 Commission may impose a condition on, re-
16 strict, or otherwise limit an activity described in
17 clause (i) or (ii) of subparagraph (A) if that
18 condition, restriction or limitation is unrelated
19 to the underlying characteristics of a private
20 fund or the status of a private fund as a private
21 fund.

22 “(3) APPLICATION.—Notwithstanding section
23 6(f), this subsection shall also apply to a closed-end
24 company that elects to be treated as a business de-
25 velopment company pursuant to section 54.”.

1 (b) DEFINITION OF PRIVATE FUND.—Section 2(a) of
2 the Investment Company Act of 1940 (15 U.S.C. 80a–
3 2(a)) is amended by adding at the end the following:

4 “(55) The term ‘private fund’ has the meaning
5 given in section 202(a) of the Investment Advisers
6 Act of 1940 (15 U.S.C. 80b–2(a)).”.

7 (c) TREATMENT BY NATIONAL SECURITIES EX-
8 CHANGES.—Section 6 of the Securities Exchange Act of
9 1934 (15 U.S.C. 78f) is amended by adding at the end
10 the following:

11 “(m)(1) Except as otherwise prohibited or restricted
12 by rules of the exchange that are consistent with section
13 5(d) of the Investment Company Act of 1940 (15 U.S.C.
14 80a–5(d)), an exchange may not prohibit, condition, re-
15 strict, or impose any other limitation on the listing or
16 trading of the securities of a closed-end company when
17 the closed-end company invests, or may invest, some or
18 all of the assets of the closed-end company in securities
19 issued by private funds.

20 “(2) In this paragraph—

21 “(A) the term ‘closed-end company’—

22 “(i) has the meaning given the term in sec-
23 tion 5(a) of the Investment Company Act of
24 1940 (15 U.S.C. 80a–5(a)); and

1 “(ii) includes a closed-end company that
2 elects to be treated as a business development
3 company pursuant to section 54 of the Invest-
4 ment Company Act of 1940 (15 U.S.C. 80a-
5 53); and

6 “(B) the term ‘private fund’ has the meaning
7 given the term in section 2(a) of the Investment
8 Company Act of 1940 (15 U.S.C. 80a-2(a)).”.

9 (d) INVESTMENT LIMITATION.—Section 3(c) of the
10 Investment Company Act of 1940 (15 U.S.C. 80a-3(c))
11 is amended—

12 (1) in paragraph (1), in the matter preceding
13 subparagraph (A), in the second sentence, by strik-
14 ing “subparagraphs (A)(i) and (B)(i)” and inserting
15 “subparagraphs (A)(i), (B)(i), and (C)”; and

16 (2) in paragraph (7)(D), by striking “subpara-
17 graphs (A)(i) and (B)(i)” and inserting “subpara-
18 graphs (A)(i), (B)(i), and (C)”.

19 (e) RULES OF CONSTRUCTION.—

20 (1) Nothing in this Act or the amendments
21 made by this Act may be construed to limit or
22 amend any fiduciary duty owed to a closed-end com-
23 pany (as defined in section 5(a)(2) of the Investment
24 Company Act of 1940 (15 U.S.C. 80a-5(a)(2))) or
25 by an investment adviser (as defined under section

1 2(a) of the Investment Company Act of 1940 (15
2 U.S.C. 80a-2(a)) to a closed-end company.

3 (2) Nothing in this Act or the amendments
4 made by this Act may be construed to limit or
5 amend the valuation, liquidity, or redemption re-
6 quirements or obligations of a closed-end company
7 (as defined in section 5(a)(2) of the Investment
8 Company Act of 1940 (15 U.S.C. 80a-5(a)(2))) as
9 required by the Investment Company Act of 1940.

