

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4167

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IN THE SENATE OF THE UNITED STATES

APRIL 30, 2014

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To amend section 13 of the Bank Holding Company Act of 1956, known as the Volcker Rule, to exclude certain debt securities of collateralized loan obligations from the prohibition against acquiring or retaining an ownership interest in a hedge fund or private equity fund.

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 “Restoring Proven Fi-  
5 nancing for American Employers Act”.

6 **SEC. 2. RULES OF CONSTRUCTION RELATING TO**  
7 **COLLATERALIZED LOAN OBLIGATIONS.**

8       Section 13(g) of the Bank Holding Company Act of  
9 1956 (12 U.S.C. 1851(g)) is amended by adding at the  
10 end the following new paragraphs:

11           “(4) COLLATERALIZED LOAN OBLIGATIONS.—

12                   “(A) INAPPLICABILITY TO CERTAIN  
13 COLLATERALIZED LOAN OBLIGATIONS.—Noth-  
14 ing in this section shall be construed to require  
15 the divestiture, prior to July 21, 2017, of any  
16 debt securities of collateralized loan obligations,  
17 if such debt securities were issued before Janu-  
18 ary 31, 2014.

19                   “(B) OWNERSHIP INTEREST WITH RE-  
20 SPECT TO COLLATERALIZED LOAN OBLIGA-  
21 TIONS.—A banking entity shall not be consid-  
22 ered to have an ownership interest in a  
23 collateralized loan obligation because it ac-  
24 quires, has acquired, or retains a debt security  
25 in such collateralized loan obligation if the debt

1 security has no indicia of ownership other than  
2 the right of the banking entity to participate in  
3 the removal for cause, or in the selection of a  
4 replacement after removal for cause or resigna-  
5 tion, of an investment manager or investment  
6 adviser of the collateralized loan obligation.

7 “(C) DEFINITIONS.—For purposes of this  
8 paragraph:

9 “(i) COLLATERALIZED LOAN OBLIGA-  
10 TION.—The term ‘collateralized loan obli-  
11 gation’ means any issuing entity of an  
12 asset-backed security, as defined in section  
13 3(a)(77) of the Securities Exchange Act of  
14 1934 (15 U.S.C. 78c(a)(77)), that is com-  
15 prised primarily of commercial loans.

16 “(ii) REMOVAL FOR CAUSE.—An in-  
17 vestment manager or investment adviser  
18 shall be deemed to be removed ‘for cause’  
19 if the investment manager or investment  
20 adviser is removed as a result of—

21 “(I) a breach of a material term  
22 of the applicable management or advi-  
23 sory agreement or the agreement gov-  
24 erning the collateralized loan obliga-  
25 tion;

1                   “(II) the inability of the invest-  
2                   ment manager or investment adviser  
3                   to continue to perform its obligations  
4                   under any such agreement;

5                   “(III) any other action or inae-  
6                   tion by the investment manager or in-  
7                   vestment adviser that has or could  
8                   reasonably be expected to have a ma-  
9                   terially adverse effect on the  
10                  collateralized loan obligation, if the in-  
11                  vestment manager or investment ad-  
12                  viser fails to cure or take reasonable  
13                  steps to cure such effect within a rea-  
14                  sonable time; or

15                  “(IV) a comparable event or cir-  
16                  cumstance that threatens, or could  
17                  reasonably be expected to threaten,  
18                  the interests of holders of the debt se-  
19                  curities.”.

Passed the House of Representatives April 29, 2014.

Attest:

KAREN L. HAAS,

*Clerk.*