

113TH CONGRESS
2^D SESSION

H. R. 5405

AN ACT

To make technical corrections to the Dodd-Frank Wall Street Reform and Consumer Protection Act, to enhance the ability of small and emerging growth companies to access capital through public and private markets, to reduce regulatory burdens, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Promoting Job Cre-
3 ation and Reducing Small Business Burdens Act”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—BUSINESS RISK MITIGATION AND PRICE STABILIZATION
ACT

- Sec. 101. Margin requirements.
- Sec. 102. Implementation.

TITLE II—TREATMENT OF AFFILIATE TRANSACTIONS

- Sec. 201. Treatment of affiliate transactions.

TITLE III—HOLDING COMPANY REGISTRATION THRESHOLD
EQUALIZATION ACT

- Sec. 301. Registration threshold for savings and loan holding companies.

TITLE IV—SMALL BUSINESS MERGERS, ACQUISITIONS, SALES,
AND BROKERAGE SIMPLIFICATION ACT

- Sec. 401. Registration exemption for merger and acquisition brokers.
- Sec. 402. Effective date.

TITLE V—SMALL CAP LIQUIDITY REFORM ACT

- Sec. 501. Liquidity pilot program for securities of certain emerging growth
companies.

TITLE VI—IMPROVING ACCESS TO CAPITAL FOR EMERGING
GROWTH COMPANIES ACT

- Sec. 601. Filing requirement for public filing prior to public offering.
- Sec. 602. Grace period for change of status of emerging growth companies.
- Sec. 603. Simplified disclosure requirements for emerging growth companies.

TITLE VII—SMALL COMPANY DISCLOSURE SIMPLIFICATION ACT

- Sec. 701. Exemption from XBRL requirements for emerging growth companies
and other smaller companies.
- Sec. 702. Analysis by the SEC.
- Sec. 703. Report to Congress.
- Sec. 704. Definitions.

TITLE VIII—RESTORING PROVEN FINANCING FOR AMERICAN
EMPLOYERS ACT

- Sec. 801. Rules of construction relating to collateralized loan obligations.

TITLE IX—SBIC ADVISERS RELIEF ACT

- Sec. 901. Advisers of SBICs and venture capital funds.
 Sec. 902. Advisers of SBICs and private funds.
 Sec. 903. Relationship to State law.

TITLE X—DISCLOSURE MODERNIZATION AND SIMPLIFICATION
ACT

- Sec. 1001. Summary page for form 10-K.
 Sec. 1002. Improvement of regulation S-K.
 Sec. 1003. Study on modernization and simplification of regulation S-K.

TITLE XI—ENCOURAGING EMPLOYEE OWNERSHIP ACT

- Sec. 1101. Increased threshold for disclosures relating to compensatory benefit plans.

1 **TITLE I—BUSINESS RISK MITI-**
 2 **GATION AND PRICE STA-**
 3 **BILIZATION ACT**

4 **SEC. 101. MARGIN REQUIREMENTS.**

5 (a) COMMODITY EXCHANGE ACT AMENDMENT.—
 6 Section 4s(e) of the Commodity Exchange Act (7 U.S.C.
 7 6s(e)), as added by section 731 of the Dodd-Frank Wall
 8 Street Reform and Consumer Protection Act, is amended
 9 by adding at the end the following new paragraph:

10 “(4) APPLICABILITY WITH RESPECT TO
 11 COUNTERPARTIES.—The requirements of paragraphs
 12 (2)(A)(ii) and (2)(B)(ii), including the initial and
 13 variation margin requirements imposed by rules
 14 adopted pursuant to paragraphs (2)(A)(ii) and
 15 (2)(B)(ii), shall not apply to a swap in which a
 16 counterparty qualifies for an exception under section
 17 2(h)(7)(A), or an exemption issued under section
 18 4(c)(1) from the requirements of section 2(h)(1)(A)

1 for cooperative entities as defined in such exemption,
2 or satisfies the criteria in section 2(h)(7)(D).”.

3 (b) SECURITIES EXCHANGE ACT AMENDMENT.—

4 Section 15F(e) of the Securities Exchange Act of 1934
5 (15 U.S.C. 78o–10(e)), as added by section 764(a) of the
6 Dodd-Frank Wall Street Reform and Consumer Protec-
7 tion Act, is amended by adding at the end the following
8 new paragraph:

9 “(4) APPLICABILITY WITH RESPECT TO
10 COUNTERPARTIES.—The requirements of paragraphs
11 (2)(A)(ii) and (2)(B)(ii) shall not apply to a secu-
12 rity-based swap in which a counterparty qualifies for
13 an exception under section 3C(g)(1) or satisfies the
14 criteria in section 3C(g)(4).”.

15 **SEC. 102. IMPLEMENTATION.**

16 The amendments made by this title to the Commodity
17 Exchange Act shall be implemented—

18 (1) without regard to—

19 (A) chapter 35 of title 44, United States
20 Code; and

21 (B) the notice and comment provisions of
22 section 553 of title 5, United States Code;

23 (2) through the promulgation of an interim
24 final rule, pursuant to which public comment will be
25 sought before a final rule is issued; and

1 (3) such that paragraph (1) shall apply solely
2 to changes to rules and regulations, or proposed
3 rules and regulations, that are limited to and di-
4 rectly a consequence of such amendments.

5 **TITLE II—TREATMENT OF**
6 **AFFILIATE TRANSACTIONS**

7 **SEC. 201. TREATMENT OF AFFILIATE TRANSACTIONS.**

8 (a) IN GENERAL.—

9 (1) COMMODITY EXCHANGE ACT AMEND-
10 MENT.—Section 2(h)(7)(D)(i) of the Commodity Ex-
11 change Act (7 U.S.C. 2(h)(7)(D)(i)) is amended to
12 read as follows:

13 “(i) IN GENERAL.—An affiliate of a
14 person that qualifies for an exception
15 under subparagraph (A) (including affiliate
16 entities predominantly engaged in pro-
17 viding financing for the purchase of the
18 merchandise or manufactured goods of the
19 person) may qualify for the exception only
20 if the affiliate enters into the swap to
21 hedge or mitigate the commercial risk of
22 the person or other affiliate of the person
23 that is not a financial entity, provided that
24 if the transfer of commercial risk is ad-
25 dressed by entering into a swap with a

1 swap dealer or major swap participant, an
2 appropriate credit support measure or
3 other mechanism is utilized.”.

4 (2) SECURITIES EXCHANGE ACT OF 1934
5 AMENDMENT.—Section 3C(g)(4)(A) of the Securities
6 Exchange Act of 1934 (15 U.S.C. 78c–3(g)(4)(A))
7 is amended to read as follows:

8 “(A) IN GENERAL.—An affiliate of a per-
9 son that qualifies for an exception under para-
10 graph (1) (including affiliate entities predomi-
11 nantly engaged in providing financing for the
12 purchase of the merchandise or manufactured
13 goods of the person) may qualify for the excep-
14 tion only if the affiliate enters into the security-
15 based swap to hedge or mitigate the commercial
16 risk of the person or other affiliate of the per-
17 son that is not a financial entity, provided that
18 if the transfer of commercial risk is addressed
19 by entering into a security-based swap with a
20 security-based swap dealer or major security-
21 based swap participant, an appropriate credit
22 support measure or other mechanism is uti-
23 lized.”.

24 (b) APPLICABILITY OF CREDIT SUPPORT MEASURE
25 REQUIREMENT.—Notwithstanding section 371 of this Act,

1 the requirements in section 2(h)(7)(D)(i) of the Com-
2 modity Exchange Act and section 3C(g)(4)(A) of the Se-
3 curities Exchange Act of 1934, as amended by subsection
4 (a), requiring that a credit support measure or other
5 mechanism be utilized if the transfer of commercial risk
6 referred to in such sections is addressed by entering into
7 a swap with a swap dealer or major swap participant or
8 a security-based swap with a security-based swap dealer
9 or major security-based swap participant, as appropriate,
10 shall not apply with respect to swaps or security-based
11 swaps, as appropriate, entered into before the date of the
12 enactment of this Act.

13 **TITLE III—HOLDING COMPANY**
14 **REGISTRATION THRESHOLD**
15 **EQUALIZATION ACT**

16 **SEC. 301. REGISTRATION THRESHOLD FOR SAVINGS AND**
17 **LOAN HOLDING COMPANIES.**

18 The Securities Exchange Act of 1934 (15 U.S.C. 78a
19 et seq.) is amended—

20 (1) in section 12(g)—

21 (A) in paragraph (1)(B), by inserting after
22 “is a bank” the following: “, a savings and loan
23 holding company (as defined in section 10 of
24 the Home Owners’ Loan Act),”; and

1 (B) in paragraph (4), by inserting after
2 “case of a bank” the following: “, a savings and
3 loan holding company (as defined in section 10
4 of the Home Owners’ Loan Act),”; and

5 (2) in section 15(d), by striking “case of bank”
6 and inserting the following: “case of a bank, a sav-
7 ings and loan holding company (as defined in section
8 10 of the Home Owners’ Loan Act),”.

9 **TITLE IV—SMALL BUSINESS**
10 **MERGERS, ACQUISITIONS,**
11 **SALES, AND BROKERAGE SIM-**
12 **PLIFICATION ACT**

13 **SEC. 401. REGISTRATION EXEMPTION FOR MERGER AND**
14 **ACQUISITION BROKERS.**

15 Section 15(b) of the Securities Exchange Act of 1934
16 (15 U.S.C. 78o(b)) is amended by adding at the end the
17 following:

18 “(13) REGISTRATION EXEMPTION FOR MERGER
19 AND ACQUISITION BROKERS.—

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

23 “(B) EXCLUDED ACTIVITIES.—An M&A
24 broker is not exempt from registration under

1 this paragraph if such broker does any of the
2 following:

3 “(i) Directly or indirectly, in connec-
4 tion with the transfer of ownership of an
5 eligible privately held company, receives,
6 holds, transmits, or has custody of the
7 funds or securities to be exchanged by the
8 parties to the transaction.

9 “(ii) Engages on behalf of an issuer in
10 a public offering of any class of securities
11 that is registered, or is required to be reg-
12 istered, with the Commission under section
13 12 or with respect to which the issuer files,
14 or is required to file, periodic information,
15 documents, and reports under subsection
16 (d).

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

23 “(D) DEFINITIONS.—In this paragraph:

24 “(i) CONTROL.—The term ‘control’
25 means the power, directly or indirectly, to

1 direct the management or policies of a
2 company, whether through ownership of
3 securities, by contract, or otherwise. There
4 is a presumption of control for any person
5 who—

6 “(I) is a director, general part-
7 ner, member or manager of a limited
8 liability company, or officer exercising
9 executive responsibility (or has similar
10 status or functions);

11 “(II) has the right to vote 20
12 percent or more of a class of voting
13 securities or the power to sell or direct
14 the sale of 20 percent or more of a
15 class of voting securities; or

16 “(III) in the case of a partner-
17 ship or limited liability company, has
18 the right to receive upon dissolution,
19 or has contributed, 20 percent or
20 more of the capital.

21 “(ii) ELIGIBLE PRIVATELY HELD
22 COMPANY.—The term ‘eligible privately
23 held company’ means a company that
24 meets both of the following conditions:

1 “(I) The company does not have
2 any class of securities registered, or
3 required to be registered, with the
4 Commission under section 12 or with
5 respect to which the company files, or
6 is required to file, periodic informa-
7 tion, documents, and reports under
8 subsection (d).

9 “(II) In the fiscal year ending
10 immediately before the fiscal year in
11 which the services of the M&A broker
12 are initially engaged with respect to
13 the securities transaction, the com-
14 pany meets either or both of the fol-
15 lowing conditions (determined in ac-
16 cordance with the historical financial
17 accounting records of the company):

18 “(aa) The earnings of the
19 company before interest, taxes,
20 depreciation, and amortization
21 are less than \$25,000,000.

22 “(bb) The gross revenues of
23 the company are less than
24 \$250,000,000.

1 “(iii) M&A BROKER.—The term ‘M&A
2 broker’ means a broker, and any person
3 associated with a broker, engaged in the
4 business of effecting securities transactions
5 solely in connection with the transfer of
6 ownership of an eligible privately held com-
7 pany, regardless of whether the broker acts
8 on behalf of a seller or buyer, through the
9 purchase, sale, exchange, issuance, repur-
10 chase, or redemption of, or a business com-
11 bination involving, securities or assets of
12 the eligible privately held company, if the
13 broker reasonably believes that—

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

24 “(II) if any person is offered se-
25 curities in exchange for securities or

1 assets of the eligible privately held
2 company, such person will, prior to
3 becoming legally bound to consum-
4 mate the transaction, receive or have
5 reasonable access to the most recent
6 year-end balance sheet, income state-
7 ment, statement of changes in finan-
8 cial position, and statement of owner’s
9 equity of the issuer of the securities
10 offered in exchange, and, if the finan-
11 cial statements of the issuer are au-
12 dited, the related report of the inde-
13 pendent auditor, a balance sheet
14 dated not more than 120 days before
15 the date of the offer, and information
16 pertaining to the management, busi-
17 ness, results of operations for the pe-
18 riod covered by the foregoing financial
19 statements, and material loss contin-
20 gencies of the issuer.

21 “(E) INFLATION ADJUSTMENT.—

22 “(i) IN GENERAL.—On the date that
23 is 5 years after the date of the enactment
24 of the Small Business Mergers, Acquisi-
25 tions, Sales, and Brokerage Simplification

1 Act of 2014, and every 5 years thereafter,
2 each dollar amount in subparagraph
3 (D)(ii)(II) shall be adjusted by—

4 “(I) dividing the annual value of
5 the Employment Cost Index For
6 Wages and Salaries, Private Industry
7 Workers (or any successor index), as
8 published by the Bureau of Labor
9 Statistics, for the calendar year pre-
10 ceding the calendar year in which the
11 adjustment is being made by the an-
12 nual value of such index (or suc-
13 cessor) for the calendar year ending
14 December 31, 2012; and

15 “(II) multiplying such dollar
16 amount by the quotient obtained
17 under subclause (I).

18 “(ii) ROUNDING.—Each dollar
19 amount determined under clause (i) shall
20 be rounded to the nearest multiple of
21 \$100,000.”.

22 **SEC. 402. EFFECTIVE DATE.**

23 This Act and any amendment made by this Act shall
24 take effect on the date that is 90 days after the date of
25 the enactment of this Act.

1 **TITLE V—SMALL CAP LIQUIDITY**
2 **REFORM ACT**

3 **SEC. 501. LIQUIDITY PILOT PROGRAM FOR SECURITIES OF**
4 **CERTAIN EMERGING GROWTH COMPANIES.**

5 (a) IN GENERAL.—Section 11A(c)(6) of the Securi-
6 ties Exchange Act of 1934 (15 U.S.C. 78k–1(c)(6)) is
7 amended to read as follows:

8 “(6) LIQUIDITY PILOT PROGRAM FOR SECURITIES
9 OF CERTAIN EMERGING GROWTH COMPANIES.—

10 “(A) QUOTING INCREMENT.—Beginning on the
11 date that is 90 days after the date of the enactment
12 of the Small Cap Liquidity Reform Act of 2014, the
13 securities of a covered emerging growth company
14 shall be quoted using—

15 “(i) a minimum increment of \$0.05; or

16 “(ii) if, not later than 60 days after such
17 date of enactment, the company so elects in the
18 manner described in subparagraph (D)—

19 “(I) a minimum increment of \$0.10;

20 or

21 “(II) the increment at which such se-
22 curities would be quoted without regard to
23 the minimum increments established under
24 this paragraph.

1 “(B) TRADING INCREMENT.—In the case of a
2 covered emerging growth company the securities of
3 which are quoted at a minimum increment of \$0.05
4 or \$0.10 under this paragraph, the Commission shall
5 determine the increment at which the securities of
6 such company are traded.

7 “(C) FUTURE RIGHT TO OPT OUT OR CHANGE
8 MINIMUM INCREMENT.—

9 “(i) IN GENERAL.—At any time beginning
10 on the date that is 90 days after the date of the
11 enactment of the Small Cap Liquidity Reform
12 Act of 2014, a covered emerging growth com-
13 pany the securities of which are quoted at a
14 minimum increment of \$0.05 or \$0.10 under
15 this paragraph may elect in the manner de-
16 scribed in subparagraph (D)—

17 “(I) for the securities of such com-
18 pany to be quoted at the increment at
19 which such securities would be quoted
20 without regard to the minimum increments
21 established under this paragraph; or

22 “(II) to change the minimum incre-
23 ment at which the securities of such com-
24 pany are quoted from \$0.05 to \$0.10 or
25 from \$0.10 to \$0.05.

1 “(ii) WHEN ELECTION EFFECTIVE.—An
2 election under this subparagraph shall take ef-
3 fect on the date that is 30 days after such elec-
4 tion is made.

5 “(iii) SINGLE ELECTION TO CHANGE MIN-
6 IMUM INCREMENT.—A covered emerging growth
7 company may not make more than one election
8 under clause (i)(II).

9 “(D) MANNER OF ELECTION.—

10 “(i) IN GENERAL.—An election is made in
11 the manner described in this subparagraph by
12 informing the Commission of such election.

13 “(ii) NOTIFICATION OF EXCHANGES AND
14 OTHER TRADING VENUES.—Upon being in-
15 formed of an election under clause (i), the Com-
16 mission shall notify each exchange or other
17 trading venue where the securities of the cov-
18 ered emerging growth company are quoted or
19 traded.

20 “(E) ISSUERS CEASING TO BE COVERED
21 EMERGING GROWTH COMPANIES.—

22 “(i) IN GENERAL.—If an issuer the securi-
23 ties of which are quoted at a minimum incre-
24 ment of \$0.05 or \$0.10 under this paragraph
25 ceases to be a covered emerging growth com-

1 pany, the securities of such issuer shall be
2 quoted at the increment at which such securi-
3 ties would be quoted without regard to the min-
4 imum increments established under this para-
5 graph.

6 “(ii) EXCEPTIONS.—The Commission may
7 by regulation, as the Commission considers ap-
8 propriate, specify any circumstances under
9 which an issuer shall continue to be considered
10 a covered emerging growth company for pur-
11 poses of this paragraph after the issuer ceases
12 to meet the requirements of subparagraph
13 (L)(i).

14 “(F) SECURITIES TRADING BELOW \$1.—

15 “(i) INITIAL PRICE.—

16 “(I) AT EFFECTIVE DATE.—If the
17 trading price of the securities of a covered
18 emerging growth company is below \$1 at
19 the close of the last trading day before the
20 date that is 90 days after the date of the
21 enactment of the Small Cap Liquidity Re-
22 form Act of 2014, the securities of such
23 company shall be quoted using the incre-
24 ment at which such securities would be

1 quoted without regard to the minimum in-
2 crements established under this paragraph.

3 “(II) AT IPO.—If a covered emerging
4 growth company makes an initial public of-
5 fering after the day described in subclause
6 (I) and the first share of the securities of
7 such company is offered to the public at a
8 price below \$1, the securities of such com-
9 pany shall be quoted using the increment
10 at which such securities would be quoted
11 without regard to the minimum increments
12 established under this paragraph.

13 “(ii) AVERAGE TRADING PRICE.—If the av-
14 erage trading price of the securities of a cov-
15 ered emerging growth company falls below \$1
16 for any 90-day period beginning on or after the
17 day before the date of the enactment of the
18 Small Cap Liquidity Reform Act of 2014, the
19 securities of such company shall, after the end
20 of such period, be quoted using the increment
21 at which such securities would be quoted with-
22 out regard to the minimum increments estab-
23 lished under this paragraph.

24 “(G) FRAUD OR MANIPULATION.—If the Com-
25 mission determines that a covered emerging growth

1 company has violated any provision of the securities
2 laws prohibiting fraudulent, manipulative, or decep-
3 tive acts or practices, the securities of such company
4 shall, after the date of the determination, be quoted
5 using the increment at which such securities would
6 be quoted without regard to the minimum incre-
7 ments established under this paragraph.

8 “(H) INELIGIBILITY FOR INCREASED MINIMUM
9 INCREMENT PERMANENT.—The securities of an
10 issuer may not be quoted at a minimum increment
11 of \$0.05 or \$0.10 under this paragraph at any time
12 after—

13 “(i) such issuer makes an election under
14 subparagraph (A)(ii)(II);

15 “(ii) such issuer makes an election under
16 subparagraph (C)(i)(I), except during the pe-
17 riod before such election takes effect; or

18 “(iii) the securities of such issuer are re-
19 quired by this paragraph to be quoted using the
20 increment at which such securities would be
21 quoted without regard to the minimum incre-
22 ments established under this paragraph.

23 “(I) ADDITIONAL REPORTS AND DISCLO-
24 SURES.—The Commission shall require a covered
25 emerging growth company the securities of which

1 are quoted at a minimum increment of \$0.05 or
2 \$0.10 under this paragraph to make such reports
3 and disclosures as the Commission considers nec-
4 essary or appropriate in the public interest or for
5 the protection of investors.

6 “(J) LIMITATION OF LIABILITY.—An issuer (or
7 any officer, director, manager, or other agent of
8 such issuer) shall not be liable to any person (other
9 than such issuer) under any law or regulation of the
10 United States, any constitution, law, or regulation of
11 any State or political subdivision thereof, or any con-
12 tract or other legally enforceable agreement (includ-
13 ing any arbitration agreement) for any losses caused
14 solely by the quoting of the securities of such issuer
15 at a minimum increment of \$0.05 or \$0.10, by the
16 trading of such securities at the increment deter-
17 mined by the Commission under subparagraph (B),
18 or by both such quoting and trading, as provided in
19 this paragraph.

20 “(K) REPORT TO CONGRESS.—Not later than 6
21 months after the date of the enactment of the Small
22 Cap Liquidity Reform Act of 2014, and every 6
23 months thereafter, the Commission, in coordination
24 with each exchange on which the securities of cov-
25 ered emerging growth companies are quoted or trad-

1 ed, shall submit to Congress a report on the quoting
2 and trading of securities in increments permitted by
3 this paragraph and the extent to which such quoting
4 and trading are increasing liquidity and active trad-
5 ing by incentivizing capital commitment, research
6 coverage, and brokerage support, together with any
7 legislative recommendations the Commission may
8 have.

9 “(L) DEFINITIONS.—In this paragraph:

10 “(i) COVERED EMERGING GROWTH COM-
11 PANY.—The term ‘covered emerging growth
12 company’ means an emerging growth company,
13 as defined in the first paragraph (80) of section
14 3(a), except that—

15 “(I) such paragraph shall be applied
16 by substituting ‘\$750,000,000’ for
17 ‘\$1,000,000,000’ each place it appears;
18 and

19 “(II) subparagraphs (B), (C), and (D)
20 of such paragraph do not apply.

21 “(ii) SECURITY.—The term ‘security’
22 means an equity security.

23 “(M) SAVINGS PROVISION.—Notwithstanding
24 any other provision of this paragraph, the Commis-
25 sion may—

1 “(i) make such adjustments to the pilot
2 program specified in this paragraph as the
3 Commission considers necessary or appropriate
4 to ensure that such program can provide statis-
5 tically meaningful or reliable results, including
6 adjustments to eliminate selection bias among
7 participants, expand the number of participants
8 eligible to participate in such program, and
9 change the duration of such program for one or
10 more participants; and

11 “(ii) conduct any other study or pilot pro-
12 gram, in conjunction with or separate from the
13 pilot program specified in this paragraph (as
14 such program may be adjusted pursuant to
15 clause (i)), to evaluate quoting or trading in
16 various minimum increments.”.

17 (b) SUNSET.—Effective on the date that is 5 years
18 after the date of the enactment of this Act, section
19 11A(c)(6) of the Securities Exchange Act of 1934 (15
20 U.S.C. 78k–1(c)(6)) is repealed.

1 **TITLE VI—IMPROVING ACCESS**
2 **TO CAPITAL FOR EMERGING**
3 **GROWTH COMPANIES ACT**

4 **SEC. 601. FILING REQUIREMENT FOR PUBLIC FILING**
5 **PRIOR TO PUBLIC OFFERING.**

6 Section 6(e)(1) of the Securities Act of 1933 (15
7 U.S.C. 77f(e)(1)) is amended by striking “21 days” and
8 inserting “15 days”.

9 **SEC. 602. GRACE PERIOD FOR CHANGE OF STATUS OF**
10 **EMERGING GROWTH COMPANIES.**

11 Section 6(e)(1) of the Securities Act of 1933 (15
12 U.S.C. 77f(e)(1)) is further amended by adding at the end
13 the following: “An issuer that was an emerging growth
14 company at the time it submitted a confidential registra-
15 tion statement or, in lieu thereof, a publicly filed registra-
16 tion statement for review under this subsection but ceases
17 to be an emerging growth company thereafter shall con-
18 tinue to be treated as an emerging market growth com-
19 pany for the purposes of this subsection through the ear-
20 lier of the date on which the issuer consummates its initial
21 public offering pursuant to such registrations statement
22 or the end of the 1-year period beginning on the date the
23 company ceases to be an emerging growth company.”.

1 **SEC. 603. SIMPLIFIED DISCLOSURE REQUIREMENTS FOR**
2 **EMERGING GROWTH COMPANIES.**

3 Section 102 of the Jumpstart Our Business Startups
4 Act (Public Law 112–106) is amended by adding at the
5 end the following:

6 “(d) SIMPLIFIED DISCLOSURE REQUIREMENTS.—
7 With respect to an emerging growth company (as such
8 term is defined under section 2 of the Securities Act of
9 1933):

10 “(1) REQUIREMENT TO INCLUDE NOTICE ON
11 FORM S–1.—Not later than 30 days after the date
12 of enactment of this subsection, the Securities and
13 Exchange Commission shall revise its general in-
14 structions on Form S–1 to indicate that a registra-
15 tion statement filed (or submitted for confidential
16 review) by an issuer prior to an initial public offer-
17 ing may omit financial information for historical pe-
18 riods otherwise required by regulation S–X (17 CFR
19 210.1–01 et seq.) as of the time of filing (or con-
20 fidential submission) of such registration statement,
21 provided that—

22 “(A) the omitted financial information re-
23 lates to a historical period that the issuer rea-
24 sonably believes will not be required to be in-
25 cluded in the Form S–1 at the time of the con-
26 templated offering; and

1 “(B) prior to the issuer distributing a pre-
2 liminary prospectus to investors, such registra-
3 tion statement is amended to include all finan-
4 cial information required by such regulation S-
5 X at the date of such amendment.

6 “(2) RELIANCE BY ISSUERS.—Effective 30 days
7 after the date of enactment of this subsection, an
8 issuer filing a registration statement (or submitting
9 the statement for confidential review) on Form S-
10 1 may omit financial information for historical peri-
11 ods otherwise required by regulation S-X (17 CFR
12 210.1-01 et seq.) as of the time of filing (or con-
13 fidential submission) of such registration statement,
14 provided that—

15 “(A) the omitted financial information re-
16 lates to a historical period that the issuer rea-
17 sonably believes will not be required to be in-
18 cluded in the Form S-1 at the time of the con-
19 templated offering; and

20 “(B) prior to the issuer distributing a pre-
21 liminary prospectus to investors, such registra-
22 tion statement is amended to include all finan-
23 cial information required by such regulation S-
24 X at the date of such amendment.”.

1 **TITLE VII—SMALL COMPANY**
2 **DISCLOSURE SIMPLIFICA-**
3 **TION ACT**

4 **SEC. 701. EXEMPTION FROM XBRL REQUIREMENTS FOR**
5 **EMERGING GROWTH COMPANIES AND OTHER**
6 **SMALLER COMPANIES.**

7 (a) EXEMPTION FOR EMERGING GROWTH COMPA-
8 NIES.—Emerging growth companies are exempted from
9 the requirements to use Extensible Business Reporting
10 Language (XBRL) for financial statements and other
11 periodic reporting required to be filed with the Commis-
12 sion under the securities laws. Such companies may elect
13 to use XBRL for such reporting.

14 (b) EXEMPTION FOR OTHER SMALLER COMPA-
15 NIES.—Issuers with total annual gross revenues of less
16 than \$250,000,000 are exempt from the requirements to
17 use XBRL for financial statements and other periodic re-
18 porting required to be filed with the Commission under
19 the securities laws. Such issuers may elect to use XBRL
20 for such reporting. An exemption under this subsection
21 shall continue in effect until—

22 (1) the date that is five years after the date of
23 enactment of this Act; or

24 (2) the date that is two years after a deter-
25 mination by the Commission, by order after con-

1 ducting the analysis required by section 702, that
2 the benefits of such requirements to such issuers
3 outweigh the costs, but no earlier than three years
4 after enactment of this Act.

5 (c) MODIFICATIONS TO REGULATIONS.—Not later
6 than 60 days after the date of enactment of this Act, the
7 Commission shall revise its regulations under parts 229,
8 230, 232, 239, 240, and 249 of title 17, Code of Federal
9 Regulations, to reflect the exemptions set forth in sub-
10 sections (a) and (b).

11 **SEC. 702. ANALYSIS BY THE SEC.**

12 The Commission shall conduct an analysis of the
13 costs and benefits to issuers described in section 701(b)
14 of the requirements to use XBRL for financial statements
15 and other periodic reporting required to be filed with the
16 Commission under the securities laws. Such analysis shall
17 include an assessment of—

18 (1) how such costs and benefits may differ from
19 the costs and benefits identified by the Commission
20 in the order relating to interactive data to improve
21 financial reporting (dated January 30, 2009; 74
22 Fed. Reg. 6776) because of the size of such issuers;

23 (2) the effects on efficiency, competition, capital
24 formation, and financing and on analyst coverage of

1 such issuers (including any such effects resulting
2 from use of XBRL by investors);

3 (3) the costs to such issuers of—

4 (A) submitting data to the Commission in
5 XBRL;

6 (B) posting data on the website of the
7 issuer in XBRL;

8 (C) software necessary to prepare, submit,
9 or post data in XBRL; and

10 (D) any additional consulting services or
11 filing agent services;

12 (4) the benefits to the Commission in terms of
13 improved ability to monitor securities markets, as-
14 sess the potential outcomes of regulatory alter-
15 natives, and enhance investor participation in cor-
16 porate governance and promote capital formation;
17 and

18 (5) the effectiveness of standards in the United
19 States for interactive filing data relative to the
20 standards of international counterparts.

21 **SEC. 703. REPORT TO CONGRESS.**

22 Not later than one year after the date of enactment
23 of this Act, the Commission shall provide the Committee
24 on Financial Services of the House of Representatives and

1 the Committee on Banking, Housing, and Urban Affairs
2 of the Senate a report regarding—

3 (1) the progress in implementing XBRL report-
4 ing within the Commission;

5 (2) the use of XBRL data by Commission offi-
6 cials;

7 (3) the use of XBRL data by investors;

8 (4) the results of the analysis required by sec-
9 tion 702; and

10 (5) any additional information the Commission
11 considers relevant for increasing transparency, de-
12 creasing costs, and increasing efficiency of regu-
13 latory filings with the Commission.

14 **SEC. 704. DEFINITIONS.**

15 As used in this title, the terms “Commission”,
16 “emerging growth company”, “issuer”, and “securities
17 laws” have the meanings given such terms in section 3
18 of the Securities Exchange Act of 1934 (15 U.S.C. 78e).

1 **TITLE VIII—RESTORING PROVEN**
2 **FINANCING FOR AMERICAN**
3 **EMPLOYERS ACT**

4 **SEC. 801. RULES OF CONSTRUCTION RELATING TO**
5 **COLLATERALIZED LOAN OBLIGATIONS.**

6 Section 13(g) of the Bank Holding Company Act of
7 1956 (12 U.S.C. 1851(g)) is amended by adding at the
8 end the following new paragraphs:

9 “(4) COLLATERALIZED LOAN OBLIGATIONS.—

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

17 “(B) OWNERSHIP INTEREST WITH RE-
18 SPECT TO COLLATERALIZED LOAN OBLIGA-
19 TIONS.—A banking entity shall not be consid-
20 ered to have an ownership interest in a
21 collateralized loan obligation because it ac-
22 quires, has acquired, or retains a debt security
23 in such collateralized loan obligation if the debt
24 security has no indicia of ownership other than
25 the right of the banking entity to participate in

1 the removal for cause, or in the selection of a
2 replacement after removal for cause or resigna-
3 tion, of an investment manager or investment
4 adviser of the collateralized loan obligation.

5 “(C) DEFINITIONS.—For purposes of this
6 paragraph:

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

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

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

24 “(II) the inability of the invest-
25 ment manager or investment adviser

1 to continue to perform its obligations
2 under any such agreement;

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

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

18 **TITLE IX—SBIC ADVISERS**
19 **RELIEF ACT**

20 **SEC. 901. ADVISERS OF SBICS AND VENTURE CAPITAL**
21 **FUNDS.**

22 Section 203(l) of the Investment Advisers Act of
23 1940 (15 U.S.C. 80b–3(l)) is amended—

24 (1) by striking “No investment adviser” and in-
25 serting the following:

1 “(1) IN GENERAL.—No investment adviser”;
2 and

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

4 “(2) ADVISERS OF SBICS.—For purposes of this
5 subsection, a venture capital fund includes an entity
6 described in subparagraph (A), (B), or (C) of sub-
7 section (b)(7) (other than an entity that has elected
8 to be regulated or is regulated as a business develop-
9 ment company pursuant to section 54 of the Invest-
10 ment Company Act of 1940).”.

11 **SEC. 902. ADVISERS OF SBICS AND PRIVATE FUNDS.**

12 Section 203(m) of the Investment Advisers Act of
13 1940 (15 U.S.C. 80b–3(m)) is amended by adding at the
14 end the following:

15 “(3) ADVISERS OF SBICS.—For purposes of this
16 subsection, the assets under management of a pri-
17 vate fund that is an entity described in subpara-
18 graph (A), (B), or (C) of subsection (b)(7) (other
19 than an entity that has elected to be regulated or is
20 regulated as a business development company pursu-
21 ant to section 54 of the Investment Company Act of
22 1940) shall be excluded from the limit set forth in
23 paragraph (1).”.

1 **SEC. 903. RELATIONSHIP TO STATE LAW.**

2 Section 203A(b)(1) of the Investment Advisers Act
3 of 1940 (15 U.S.C. 80b-3a(b)(1)) is amended—

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

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

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

9 “(C) that is not registered under section
10 203 because that person is exempt from reg-
11 istration as provided in subsection (b)(7) of
12 such section, or is a supervised person of such
13 person.”.

14 **TITLE X—DISCLOSURE MOD-**
15 **ERNIZATION AND SIM-**
16 **PLIFICATION ACT**

17 **SEC. 1001. SUMMARY PAGE FOR FORM 10-K.**

18 Not later than the end of the 180-day period begin-
19 ning on the date of the enactment of this Act, the Securi-
20 ties and Exchange Commission shall issue regulations to
21 permit issuers to submit a summary page on form 10-
22 K (17 CFR 249.310), but only if each item on such sum-
23 mary page includes a cross-reference (by electronic link
24 or otherwise) to the material contained in form 10-K to
25 which such item relates.

1 **SEC. 1002. IMPROVEMENT OF REGULATION S-K.**

2 Not later than the end of the 180-day period begin-
3 ning on the date of the enactment of this Act, the Securi-
4 ties and Exchange Commission shall take all such actions
5 to revise regulation S-K (17 CFR 229.10 et seq.)—

6 (1) to further scale or eliminate requirements of
7 regulation S-K, in order to reduce the burden on
8 emerging growth companies, accelerated filers,
9 smaller reporting companies, and other smaller
10 issuers, while still providing all material information
11 to investors;

12 (2) to eliminate provisions of regulation S-K,
13 required for all issuers, that are duplicative, overlap-
14 ping, outdated, or unnecessary; and

15 (3) for which the Commission determines that
16 no further study under section 1003 is necessary to
17 determine the efficacy of such revisions to regulation
18 S-K.

19 **SEC. 1003. STUDY ON MODERNIZATION AND SIMPLIFICA-**
20 **TION OF REGULATION S-K.**

21 (a) STUDY.—The Securities and Exchange Commis-
22 sion shall carry out a study of the requirements contained
23 in regulation S-K (17 CFR 229.10 et seq.). Such study
24 shall—

25 (1) determine how best to modernize and sim-
26 plify such requirements in a manner that reduces

1 the costs and burdens on issuers while still providing
2 all material information;

3 (2) emphasize a company by company approach
4 that allows relevant and material information to be
5 disseminated to investors without boilerplate lan-
6 guage or static requirements while preserving com-
7 pleteness and comparability of information across
8 registrants; and

9 (3) evaluate methods of information delivery
10 and presentation and explore methods for discour-
11 aging repetition and the disclosure of immaterial in-
12 formation.

13 (b) CONSULTATION.—In conducting the study re-
14 quired under subsection (a), the Commission shall consult
15 with the Investor Advisory Committee and the Advisory
16 Committee on Small and Emerging Companies.

17 (c) REPORT.—Not later than the end of the 360-day
18 period beginning on the date of enactment of this Act, the
19 Commission shall issue a report to the Congress con-
20 taining—

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

23 (2) specific and detailed recommendations on
24 modernizing and simplifying the requirements in
25 regulation S-K in a manner that reduces the costs

1 and burdens on companies while still providing all
2 material information; and

3 (3) specific and detailed recommendations on
4 ways to improve the readability and navigability of
5 disclosure documents and to discourage repetition
6 and the disclosure of immaterial information.

7 (d) RULEMAKING.—Not later than the end of the
8 360-day period beginning on the date that the report is
9 issued to the Congress under subsection (c), the Commis-
10 sion shall issue a proposed rule to implement the rec-
11 ommendations of the report issued under subsection (c).

12 (e) RULE OF CONSTRUCTION.—Revisions made to
13 regulation S–K by the Commission under section 1002
14 shall not be construed as satisfying the rulemaking re-
15 quirements under this section.

16 **TITLE XI—ENCOURAGING** 17 **EMPLOYEE OWNERSHIP ACT**

18 **SEC. 1101. INCREASED THRESHOLD FOR DISCLOSURES RE-** 19 **LATING TO COMPENSATORY BENEFIT PLANS.**

20 Not later than 60 days after the date of the enact-
21 ment of this Act, the Securities and Exchange Commission
22 shall revise section 230.701(e) of title 17, Code of Federal
23 Regulations, so as to increase from \$5,000,000 to
24 \$10,000,000 the aggregate sales price or amount of secu-
25 rities sold during any consecutive 12-month period in ex-

1 cess of which the issuer is required under such section to
2 deliver an additional disclosure to investors. The Commis-
3 sion shall index for inflation such aggregate sales price
4 or amount every 5 years to reflect the change in the Con-
5 sumer Price Index for All Urban Consumers published by
6 the Bureau of Labor Statistics, rounding to the nearest
7 \$1,000,000.

Passed the House of Representatives September 16,
2014.

Attest:

Clerk.

113TH CONGRESS
2^D SESSION

H. R. 5405

AN ACT

To make technical corrections to the Dodd-Frank Wall Street Reform and Consumer Protection Act, to enhance the ability of small and emerging growth companies to access capital through public and private markets, to reduce regulatory burdens, and for other purposes.