

HOLDING COMPANY REGISTRATION THRESHOLD
EQUALIZATION ACT OF 2013

JANUARY 14, 2014.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 801]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 801) to amend the Securities Exchange Act of 1934 to make the shareholder threshold for registration of savings and loan holding companies the same as for bank holding companies, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

H.R. 801, the Holding Company Registration Threshold Equalization Act of 2013, amends title VI of the Jumpstart Our Business Startups (JOBS) Act to: (i) raise the threshold for mandatory registration with the Securities and Exchange Commission (SEC) by savings and loan holding companies (SHLCs) from 500 shareholders of record to 2,000 shareholders of record (with no limitation on non-accredited investors); and (ii) raise the threshold for a SHLC to terminate its SEC registration from 300 shareholders of record to 1,200.¹

BACKGROUND AND NEED FOR LEGISLATION

The JOBS Act was a bipartisan piece of legislation designed to reduce barriers to capital formation for small businesses and

¹ See Jumpstart Our Business Startups Act, Pub. L. No. 112-106, 112 Stat. 306 (2012).

startups.² It was passed by the 112th Congress and signed into law by President Obama. The JOBS Act amended the thresholds described above in the “Purpose and Summary” section of this report for bank holding companies; it did not explicitly give the same treatment to savings and loan holding companies. This committee believes that omission to have been an oversight.

Bolstering the proposition that Congress did not intend to exclude SLHCs from the registration threshold changes made by the JOBS Act is the House Appropriations Committee’s inclusion of report language in the fiscal year 2013 Financial Services and General Government Appropriations bill to clarify that Congress intended title IV of the JOBS Act to apply to SLHCs and to urge the SEC to use its existing authority to ensure this result.³ H.R. 801 clarifies that the JOBS Act was intended to cover SHLCs and so extends the registration thresholds to them accordingly.

HEARINGS

The Committee on Financial Services did not hold a hearing on H.R. 801.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on May 7, 2013, and ordered H.R. 801 to be reported favorably to the House by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were no recorded votes during consideration of H.R. 801.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has held hearings and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 801 amends title VI of the Jumpstart Our Business Startups (JOBS) Act to: (i) raise the threshold for mandatory registration with the Securities and Exchange Commission (SEC) by savings and loan holding companies (SHLCs) from 500 shareholders of record to 2,000 shareholders of record (with no limitation on non-accredited investors); and (ii) raise the threshold for a SHLC to terminate its SEC registration from 300 shareholders of record to 1,200.

²See generally H.R. Rep. No. 112–406.

³H.R. Rep. No. 113–172, at 71.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 29, 2013.

Hon. JEB HENSARLING,
*Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 801, the Holding Company Registration Threshold Equalization Act of 2013.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

*H.R. 801—Holding Company Registration Threshold Equalization
Act of 2013*

H.R. 801 would change several thresholds for savings and loan holding companies that determine whether such entities must take action with the Securities and Exchange Commission (SEC). Specifically, the bill would change the number of shareholders of record (shareholders whose names are registered on the books of a savings and loan holding company as owning shares of the entity at a particular time) that must be in place for the SEC to:

- Require that a security of the holding company be registered;
- Suspend the registration of a security issued by a holding company; and
- Suspend certain reporting requirements for a holding company.

Based on information from the SEC, CBO expects that implementing H.R. 801 would not have a significant effect on the workload of the agency, and as a result, CBO estimates that imple-

menting H.R. 801 would not significantly affect discretionary spending. Further, under current law, the SEC is authorized to collect fees sufficient to offset its appropriation each year; therefore, we estimate that the net cost to the SEC would be negligible, assuming appropriation actions consistent with that authority. Enacting H.R. 801 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 801 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

H.R. 801 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to section 3(j) of H. Res. 5, 113th Cong. (2013), the Committee states that no provision of H.R. 801 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(k) of H. Res. 5, 113th Cong. (2013), the Committee states that H.R. 801 contains no directed rulemaking.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section provides that H.R. 801 may be referred to as the “Holding Company Registration Threshold Equalization Act of 2013.”

Section 2. Registration threshold for savings and loan holding companies

This section amends the amendments made to the Securities Exchange Act of 1934 by title VI of the Jumpstart Our Business Startups (JOBS) Act to: (i) raise the threshold for mandatory registration with the Securities and Exchange Commission (SEC) by savings and loan holding companies (SHLCs) from 500 shareholders of record to 2,000 shareholders of record (with no limitation on non-accredited investors); and (ii) raise the threshold for a SHLC to terminate its SEC registration from 300 shareholders of record to 1,200.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECURITIES EXCHANGE ACT OF 1934

TITLE I—REGULATION OF SECURITIES EXCHANGES

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REGISTRATION REQUIREMENTS FOR SECURITIES

SEC. 12. (a) * * *

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(g)(1) Every issuer which is engaged in interstate commerce, or in a business affecting interstate commerce, or whose securities are traded by use of the mails or any means or instrumentality of interstate commerce shall—

(A) * * *

(B) in the case of an issuer that is a bank, *a savings and loan holding company (as defined in section 10 of the Home Owners’ Loan Act)*, or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), not later than 120 days after the last day of its first fiscal year ended after the effective date of this subsection, on which the issuer has total assets exceeding \$10,000,000 and a class of equity security (other than an exempted security) held of record by 2,000 or more persons,

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(4) Registration of any class of security pursuant to this subsection shall be terminated ninety days, or such shorter period as the Commission may determine, after the issuer files a certification with the Commission that the number of holders of record of such

class of security is reduced to less than 300 persons, or, in the case of a bank, *a savings and loan holding company (as defined in section 10 of the Home Owners' Loan Act)*, or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), 1,200 persons persons. The Commission shall after notice and opportunity for hearing deny termination of registration if it finds that the certification is untrue. Termination of registration shall be deferred pending final determination on the question of denial.

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REGISTRATION AND REGULATION OF BROKERS AND DEALERS

SEC. 15. (a) * * *

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(d) SUPPLEMENTARY AND PERIODIC INFORMATION.—

(1) IN GENERAL.—Each issuer which has filed a registration statement containing an undertaking which is or becomes operative under this subsection as in effect prior to the date of enactment of the Securities Acts Amendments of 1964, and each issuer which shall after such date file a registration statement which has become effective pursuant to the Securities Act of 1933, as amended, shall file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, such supplementary and periodic information, documents, and reports as may be required pursuant to section 13 of this title in respect of a security registered pursuant to section 12 of this title. The duty to file under this subsection shall be automatically suspended if and so long as any issue of securities of such issuer is registered pursuant to section 12 of this title. The duty to file under this subsection shall also be automatically suspended as to any fiscal year, other than the fiscal year within which such registration statement became effective, if, at the beginning of such fiscal year, the securities of each class, other than any class of asset-backed securities, to which the registration statement relates are held of record by less than 300 persons, or, in the **[case of bank]** *case of a bank, a savings and loan holding company (as defined in section 10 of the Home Owners' Loan Act)*, or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841), 1,200 persons persons. For the purposes of this subsection, the term “class” shall be construed to include all securities of an issuer which are of substantially similar character and the holders of which enjoy substantially similar rights and privileges. The Commission may, for the purpose of this subsection, define by rules and regulations the term “held of record” as it deems necessary or appropriate in the public interest or for the protection of investors in order to prevent circumvention of the provisions of this subsection. Nothing in this subsection shall

apply to securities issued by a foreign government or political subdivision thereof.

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