

115TH CONGRESS  
1ST SESSION

# H. R. 2319

To protect the investment choices of investors in the United States, and  
for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2017

Mr. ROTHFUS (for himself, Ms. MOORE, and Mr. STIVERS) introduced the  
following bill; which was referred to the Committee on Financial Services

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## A BILL

To protect the investment choices of investors in the United  
States, 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 “Consumer Financial  
5 Choice and Capital Markets Protection Act of 2017”.

6 **SEC. 2. TREATMENT OF MONEY MARKET FUNDS UNDER**  
7 **THE INVESTMENT COMPANY ACT OF 1940.**

8 The Investment Company Act of 1940 (15 U.S.C.  
9 80a–1 et seq.) is amended by adding at the end the fol-  
10 lowing:

1 **“SEC. 66. MONEY MARKET FUNDS.**

2 “(a) DEFINITIONS.—In this section—

3 “(1) the term ‘covered Federal assistance’  
4 means Federal assistance used for the purpose of—

5 “(A) making any loan to, or purchasing  
6 any stock, equity interest, or debt obligation of,  
7 any money market fund;

8 “(B) guaranteeing any loan or debt  
9 issuance of any money market fund; or

10 “(C) entering into any assistance arrange-  
11 ment (including tax breaks), loss sharing, or  
12 profit sharing with any money market fund;  
13 and

14 “(2) the term ‘Federal assistance’ means—

15 “(A) insurance or guarantees by the Fed-  
16 eral Deposit Insurance Corporation;

17 “(B) transactions involving the Secretary  
18 of the Treasury; or

19 “(C) the use of any advances from any  
20 Federal Reserve credit facility or discount win-  
21 dow that is not part of a program or facility  
22 with broad-based eligibility established in un-  
23 usual or exigent circumstances.

24 “(b) ELECTION TO BE A STABLE VALUE MONEY  
25 MARKET FUND.—

1           “(1) IN GENERAL.—Notwithstanding any other  
2 provision of this title, any open-end investment com-  
3 pany (or a separate series thereof) that is a money  
4 market fund that relies on section 270.2a–7 of title  
5 17, Code of Federal Regulations, may, in the pro-  
6 spectus included in its registration statement filed  
7 under section 8 state that the company or series has  
8 elected to compute the current price per share, for  
9 purposes of distribution or redemption and repur-  
10 chase, of any redeemable security issued by the com-  
11 pany or series by using the amortized cost method  
12 of valuation, or the penny-rounding method of pric-  
13 ing, regardless of whether its shareholders are lim-  
14 ited to natural persons, if—

15           “(A) the company or series has as its ob-  
16 jective the generation of income and preserva-  
17 tion of capital through investment in short-  
18 term, high-quality debt securities;

19           “(B) the board of directors of the company  
20 or series elects, on behalf of the company or se-  
21 ries, to maintain a stable net asset value per  
22 share or stable price per share, by using the  
23 amortized cost valuation method, as defined in  
24 section 270.2a–7(a) of title 17, Code of Federal  
25 Regulations (or successor regulation), or the

1 penny-rounding pricing method, as defined in  
2 section 270.2a–7(a) of title 17, Code of Federal  
3 Regulations (or successor regulation), and the  
4 board of directors of the company has deter-  
5 mined, in good faith, that—

6 “(i) it is in the best interests of the  
7 company or series, and its shareholders, to  
8 do so; and

9 “(ii) the money market fund will con-  
10 tinue to use such method or methods only  
11 as long as the board of directors believes  
12 that the resulting share price fairly reflects  
13 the market-based net asset value per share  
14 of the company or series; and

15 “(C) the company or series will comply  
16 with such quality, maturity, diversification, li-  
17 quidity, and other requirements, including re-  
18 lated procedural and recordkeeping require-  
19 ments, as the Commission, by rule or regulation  
20 or order, may prescribe or has prescribed as  
21 necessary or appropriate in the public interest  
22 or for the protection of investors to the extent  
23 that such requirements and provisions are not  
24 inconsistent with this section.

1           “(2) EXEMPTION FROM DEFAULT LIQUIDITY  
2 FEE REQUIREMENTS.—Notwithstanding section  
3 270.2a–7 of title 17, Code of Federal Regulations  
4 (or successor regulation), no company or series that  
5 makes the election under paragraph (1) shall be sub-  
6 ject to the default liquidity fee requirements of sec-  
7 tion 270.2a–7(c)(2)(ii) of title 17, Code of Federal  
8 Regulations (or successor regulation).

9           “(c) PROHIBITION AGAINST FEDERAL GOVERNMENT  
10 BAILOUTS OF MONEY MARKET FUNDS.—Notwith-  
11 standing any other provision of law (including regula-  
12 tions), covered Federal assistance may not be provided di-  
13 rectly to any money market fund.

14           “(d) DISCLOSURE OF THE PROHIBITION AGAINST  
15 FEDERAL GOVERNMENT BAILOUTS OF MONEY MARKET  
16 FUNDS.—

17           “(1) IN GENERAL.—No principal underwriter of  
18 a redeemable security issued by a money market  
19 fund nor any dealer shall offer or sell any such secu-  
20 rity to any person unless the prospectus of the  
21 money market fund and any advertising or sales lit-  
22 erature for such fund prominently discloses the pro-  
23 hibition against direct covered Federal assistance as  
24 described in subsection (c).

1           “(2) RULES, REGULATIONS, AND ORDERS.—  
2           The Commission may, after consultation with and  
3           taking into account the views of the Board of Gov-  
4           ernors of the Federal Reserve System, the Federal  
5           Deposit Insurance Corporation, and the Department  
6           of the Treasury, adopt rules and regulations and  
7           issue orders consistent with the protection of inves-  
8           tors, prescribing the manner in which the disclosure  
9           under this subsection shall be provided.

10          “(e) CONTINUING OBLIGATION TO MEET REQUIRE-  
11          MENTS OF THIS TITLE.—A company or series that makes  
12          an election under subsection (b)(1) shall remain subject  
13          to the provisions of this title and the rules and regulations  
14          of the Commission thereunder that would otherwise apply  
15          if those provisions do not conflict with the provisions of  
16          this section.”.

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