

# ***In the House of Representatives, U. S.,***

*July 17, 2018.*

*Resolved*, That the bill from the Senate (S. 488) entitled “An Act to increase the threshold for disclosures required by the Securities and Exchange Commission relating to compensatory benefit plans, and for other purposes.”, do pass with the following

## **AMENDMENTS:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; TABLE OF CONTENTS.***

2       (a) *SHORT TITLE.*—*This Act may be cited as the*  
3 *“JOBS and Investor Confidence Act of 2018”.*

4       (b) *TABLE OF CONTENTS.*—*The table of contents for*  
5 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

### ***TITLE I—HELPING ANGELS LEAD OUR STARTUPS***

*Sec. 101. Definition of angel investor group.*

*Sec. 102. Clarification of general solicitation.*

### ***TITLE II—CREDIT ACCESS AND INCLUSION***

*Sec. 201. Positive credit reporting permitted.*

### ***TITLE III—SMALL BUSINESS MERGERS, ACQUISITIONS, SALES, AND BROKERAGE SIMPLIFICATION***

*Sec. 301. Registration exemption for merger and acquisition brokers.*

*Sec. 302. Effective date.*

### ***TITLE IV—FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS***

*Sec. 401. Definition of accredited investor.*

*TITLE V—FOSTERING INNOVATION*

*Sec. 501. Temporary exemption for low-revenue issuers.*

*TITLE VI—END BANKING FOR HUMAN TRAFFICKERS*

*Sec. 601. Increasing the role of the financial industry in combating human trafficking.*

*Sec. 602. Coordination of human trafficking issues by the Office of Terrorism and Financial Intelligence.*

*Sec. 603. Additional reporting requirement under the Trafficking Victims Protection Act of 2000.*

*Sec. 604. Minimum standards for the elimination of trafficking.*

*TITLE VII—INVESTING IN MAIN STREET*

*Sec. 701. Investment in small business investment companies.*

*TITLE VIII—EXCHANGE REGULATORY IMPROVEMENT*

*Sec. 801. Findings.*

*Sec. 802. Facility defined.*

*TITLE IX—ENCOURAGING PUBLIC OFFERINGS*

*Sec. 901. Expanding testing the waters and confidential submissions.*

*TITLE X—FAMILY OFFICE TECHNICAL CORRECTION*

*Sec. 1001. Accredited investor clarification.*

*TITLE XI—EXPANDING ACCESS TO CAPITAL FOR RURAL JOB CREATORS*

*Sec. 1101. Access to capital for rural-area small businesses.*

*TITLE XII—FINANCIAL INSTITUTION LIVING WILL IMPROVEMENT*

*Sec. 1201. Living will reforms.*

*TITLE XIII—PREVENTION OF PRIVATE INFORMATION DISSEMINATION*

*Sec. 1301. Criminal penalty for unauthorized disclosures.*

*TITLE XIV—INTERNATIONAL INSURANCE STANDARDS*

*Sec. 1401. Short title.*

*Sec. 1402. Congressional findings.*

*Sec. 1403. Requirement that insurance standards reflect United States policy.*

*Sec. 1404. State insurance regulator involvement in international standard setting.*

*Sec. 1405. Consultation with Congress.*

*Sec. 1406. Report to Congress on international insurance agreements.*

*Sec. 1407. Covered agreements.*

*Sec. 1408. Inapplicability to trade agreements.*

*TITLE XV—ALLEVIATING STRESS TEST BURDENS TO HELP INVESTORS*

*Sec. 1501. Stress test relief for nonbanks.*

*TITLE XVI—NATIONAL STRATEGY FOR COMBATING THE FINANCING OF TRANSNATIONAL CRIMINAL ORGANIZATIONS*

*Sec. 1601. National strategy.*

*Sec. 1602. Contents of national strategy.*

*Sec. 1603. Definitions.*

*TITLE XVII—COMMON SENSE CREDIT UNION CAPITAL RELIEF*

*Sec. 1701. Delay in effective date.*

*TITLE XVIII—OPTIONS MARKETS STABILITY*

*Sec. 1801. Rulemaking.*

*Sec. 1802. Report to Congress.*

*TITLE XIX—COOPERATE WITH LAW ENFORCEMENT AGENCIES AND WATCH*

*Sec. 1901. Safe harbor with respect to keep open letters.*

*TITLE XX—MAIN STREET GROWTH*

*Sec. 2001. Venture exchanges.*

*TITLE XXI—BUILDING UP INDEPENDENT LIVES AND DREAMS*

*Sec. 2101. Mortgage loan transaction disclosure requirements.*

*TITLE XXII—MODERNIZING DISCLOSURES FOR INVESTORS*

*Sec. 2201. Form 10-Q analysis.*

*TITLE XXIII—FIGHT ILLICIT NETWORKS AND DETECT TRAFFICKING*

*Sec. 2301. Findings.*

*Sec. 2302. GAO Study.*

*TITLE XXIV—IMPROVING INVESTMENT RESEARCH FOR SMALL AND EMERGING ISSUERS*

*Sec. 2401. Research study.*

*TITLE XXV—DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS*

*Sec. 2501. Definitions.*

*TITLE XXVI—EXPANDING INVESTMENT IN SMALL BUSINESSES*

*Sec. 2601. SEC study.*

*TITLE XXVII—PROMOTING TRANSPARENT STANDARDS FOR  
CORPORATE INSIDERS*

*Sec. 2701. SEC study.*

*TITLE XXVIII—INVESTMENT ADVISER REGULATORY FLEXIBILITY  
IMPROVEMENT*

*Sec. 2801. Definition of small business of small organization.*

*TITLE XXIX—ENHANCING MULTI-CLASS SHARE DISCLOSURES*

*Sec. 2901. Disclosure Relating to Multi-Class Share Structures.*

*TITLE XXX—NATIONAL SENIOR INVESTOR INITIATIVE*

*Sec. 3001. Senior Investor Taskforce.*

*Sec. 3002. GAO study.*

*TITLE XXXI—MIDDLE MARKET IPO UNDERWRITING COST*

*Sec. 3101. Study on IPO fees.*

*TITLE XXXII—CROWDFUNDING AMENDMENTS*

*Sec. 3201. Crowdfunding vehicles.*

*Sec. 3202. Crowdfunding exemption from registration.*

1 ***TITLE I—HELPING ANGELS LEAD***  
2 ***OUR STARTUPS***

3 ***SEC. 101. DEFINITION OF ANGEL INVESTOR GROUP.***

4 *As used in this title, the term “angel investor group”*  
5 *means any group that—*

6 *(1) is composed of accredited investors interested*  
7 *in investing personal capital in early-stage compa-*  
8 *nies;*

9 *(2) holds regular meetings and has defined proc-*  
10 *esses and procedures for making investment decisions,*  
11 *either individually or among the membership of the*  
12 *group as a whole; and*

13 *(3) is neither associated nor affiliated with bro-*  
14 *kers, dealers, or investment advisers.*

1 **SEC. 102. CLARIFICATION OF GENERAL SOLICITATION.**

2       (a) *IN GENERAL.*—Not later than 6 months after the  
3 date of enactment of this Act, the Securities and Exchange  
4 Commission shall revise Regulation D of its rules (17 CFR  
5 230.500 et seq.) to require that in carrying out the prohibi-  
6 tion against general solicitation or general advertising con-  
7 tained in section 230.502(c) of title 17, Code of Federal Reg-  
8 ulations, the prohibition shall not apply to a presentation  
9 or other communication made by or on behalf of an issuer  
10 which is made at an event—

11               (1) sponsored by—

12                       (A) the United States or any territory  
13 thereof, by the District of Columbia, by any  
14 State, by a political subdivision of any State or  
15 territory, or by any agency or public instrumen-  
16 tality of any of the foregoing;

17                       (B) a college, university, or other institu-  
18 tion of higher education;

19                       (C) a nonprofit organization;

20                       (D) an angel investor group;

21                       (E) a venture forum, venture capital asso-  
22 ciation, or trade association; or

23                       (F) any other group, person or entity as the  
24 Securities and Exchange Commission may deter-  
25 mine by rule;

1           (2) *where any advertising for the event does not*  
2           *reference any specific offering of securities by the*  
3           *issuer;*

4           (3) *the sponsor of which—*

5                 (A) *does not make investment recommenda-*  
6                 *tions or provide investment advice to event*  
7                 *attendees;*

8                 (B) *does not engage in an active role in any*  
9                 *investment negotiations between the issuer and*  
10                *investors attending the event;*

11                (C) *does not charge event attendees any fees*  
12                *other than administrative fees;*

13                (D) *does not receive any compensation for*  
14                *making introductions between investors attend-*  
15                *ing the event and issuers, or for investment nego-*  
16                *tiations between such parties;*

17                (E) *makes readily available to attendees a*  
18                *disclosure not longer than one page in length, as*  
19                *prescribed by the Securities and Exchange Com-*  
20                *mission, describing the nature of the event and*  
21                *the risks of investing in the issuers presenting at*  
22                *the event; and*

23                (F) *does not receive any compensation with*  
24                *respect to such event that would require registra-*  
25                *tion of the sponsor as a broker or a dealer under*

1           *the Securities Exchange Act of 1934, or as an in-*  
 2           *vestment advisor under the Investment Advisers*  
 3           *Act of 1940; and*

4           *(4) where no specific information regarding an*  
 5           *offering of securities by the issuer is communicated or*  
 6           *distributed by or on behalf of the issuer, other than—*

7                     *(A) that the issuer is in the process of offer-*  
 8                     *ing securities or planning to offer securities;*

9                     *(B) the type and amount of securities being*  
 10                    *offered;*

11                    *(C) the amount of securities being offered*  
 12                    *that have already been subscribed for; and*

13                    *(D) the intended use of proceeds of the offer-*  
 14                    *ing.*

15           *(b) RULE OF CONSTRUCTION.—Subsection (a) may*  
 16           *only be construed as requiring the Securities and Exchange*  
 17           *Commission to amend the requirements of Regulation D*  
 18           *with respect to presentations and communications, and not*  
 19           *with respect to purchases or sales.*

20           *(c) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP*  
 21           *BY REASON OF EVENT.—Attendance at an event described*  
 22           *under subsection (a) shall not qualify, by itself, as estab-*  
 23           *lishing a pre-existing substantive relationship between an*  
 24           *issuer and a purchaser, for purposes of Rule 506(b).*

1       (d) *DEFINITION OF ISSUER.*—For purposes of this sec-  
 2       tion and the revision of rules required under this section,  
 3       the term “issuer” means an issuer that is a business, is  
 4       not in bankruptcy or receivership, is not an investment  
 5       company, and is not a blank check, blind pool, or shell com-  
 6       pany.

## 7       **TITLE II—CREDIT ACCESS AND** 8       **INCLUSION**

### 9       **SEC. 201. POSITIVE CREDIT REPORTING PERMITTED.**

10       (a) *IN GENERAL.*—Section 623 of the Fair Credit Re-  
 11       porting Act (15 U.S.C. 1681s–2) is amended by adding at  
 12       the end the following new subsection:

13       “(f) *FULL-FILE CREDIT REPORTING.*—

14               “(1) *IN GENERAL.*—Subject to the limitations in  
 15       paragraphs (2) through (4) and notwithstanding any  
 16       other provision of law, a person or the Secretary of  
 17       Housing and Urban Development may furnish to a  
 18       consumer reporting agency information relating to  
 19       the performance of a consumer in making pay-  
 20       ments—

21               “(A) under a lease agreement with respect  
 22       to a dwelling, including such a lease in which  
 23       the Department of Housing and Urban Develop-  
 24       ment provides subsidized payments for occu-  
 25       pancy in a dwelling; or



1                   “(B) pursuant to a contract for a utility or  
2                   telecommunications service.

3                   “(2) *LIMITATION.*—Information about a con-  
4                   sumer’s usage of any utility services provided by a  
5                   utility or telecommunication firm may be furnished  
6                   to a consumer reporting agency only to the extent  
7                   that such information relates to payment by the con-  
8                   sumer for the services of such utility or telecommuni-  
9                   cation service or other terms of the provision of the  
10                  services to the consumer, including any deposit, dis-  
11                  count, or conditions for interruption or termination  
12                  of the services.

13                  “(3) *PAYMENT PLAN.*—An energy utility firm,  
14                  telephone company, or wireless provider may not re-  
15                  port payment information to a consumer reporting  
16                  agency with respect to an outstanding balance of a  
17                  consumer as late if—

18                         “(A) the energy utility firm, telephone com-  
19                         pany, or wireless provider and the consumer  
20                         have entered into a payment plan (including a  
21                         deferred payment agreement, an arrearage man-  
22                         agement program, or a debt forgiveness program)  
23                         with respect to such outstanding balance; and

24                         “(B) the consumer is meeting the obliga-  
25                         tions of the payment plan, as determined by the

1           *energy utility firm, telephone company, or wire-*  
 2           *less provider.*

3           “(4) *RELATION TO STATE LAW.*—*Notwith-*  
 4           *standing section 625, this subsection shall not pre-*  
 5           *empt any law of a State with respect to furnishing*  
 6           *to a consumer reporting agency information relating*  
 7           *to the performance of a consumer in making pay-*  
 8           *ments pursuant to a contract for a utility or tele-*  
 9           *communications service.*

10           “(5) *DEFINITIONS.*—*In this subsection, the fol-*  
 11           *lowing definitions shall apply:*

12                   “(A) *ENERGY UTILITY FIRM.*—*The term ‘en-*  
 13                   *ergy utility firm’ means an entity that provides*  
 14                   *gas or electric utility services to the public.*

15                   “(B) *UTILITY OR TELECOMMUNICATION*  
 16                   *FIRM.*—*The term ‘utility or telecommunication*  
 17                   *firm’ means an entity that provides utility serv-*  
 18                   *ices to the public through pipe, wire, landline,*  
 19                   *wireless, cable, or other connected facilities, or*  
 20                   *radio, electronic, or similar transmission (in-*  
 21                   *cluding the extension of such facilities).’.*

22           “(b) *LIMITATION ON LIABILITY.*—*Section 623(c) of the*  
 23           *Consumer Credit Protection Act (15 U.S.C. 1681s–2(c)) is*  
 24           *amended—*

1           (1) in paragraph (2), by striking “or” at the  
2       end;

3           (2) by redesignating paragraph (3) as para-  
4       graph (4); and

5           (3) by inserting after paragraph (2) the fol-  
6       lowing new paragraph:

7           “(3) subsection (f) of this section, including any  
8       regulations issued thereunder; or”.

9       (c) *HUD RULEMAKING.*—Not later than the end of the  
10   8-month period following the date of the enactment of this  
11   Act, the Secretary of Housing and Urban Development shall  
12   issue regulations directing public housing agencies to de-  
13   velop procedures and capacity to—

14           (1) ensure the complete and accurate reporting of  
15       data regarding tenants of public housing and families  
16       assisted under section 8 of the United States Housing  
17       Act of 1937 (42 U.S.C. 1437f) when furnishing infor-  
18       mation to a consumer reporting agency pursuant to  
19       section 623(f) of the Fair Credit Reporting Act; and

20           (2) handle complaints with respect to such re-  
21       porting.

22       (d) *GAO STUDY AND REPORT.*—Not later than 2 years  
23   after the date that final rules are issued pursuant to sub-  
24   section (c), the Comptroller General of the United States  
25   shall submit to Congress a report on the impact of fur-

1 nishing information pursuant to subsection (f) of section  
 2 623 of the Fair Credit Reporting Act (15 U.S.C. 1681s–  
 3 2) (as added by this section) on consumers.

4 (e) *APPLICABILITY.*—The amendment by subsection (a)  
 5 shall not apply to a consumer in connection with a lease  
 6 in which the Department of Housing and Urban Develop-  
 7 ment provides subsidized payments for occupancy in a  
 8 dwelling until the date on which final rules are issued pur-  
 9 suant to subsection (c).

10 **TITLE III—SMALL BUSINESS**  
 11 **MERGERS, ACQUISITIONS,**  
 12 **SALES, AND BROKERAGE SIM-**  
 13 **PLIFICATION**

14 **SEC. 301. REGISTRATION EXEMPTION FOR MERGER AND AC-**  
 15 **QUISITION BROKERS.**

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

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

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

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

1 paragraph if such broker does any of the fol-  
2 lowing:

3 “(i) Directly or indirectly, in connec-  
4 tion with the transfer of ownership of an el-  
5 igible privately held company, receives,  
6 holds, transmits, or has custody of the funds  
7 or securities to be exchanged by the parties  
8 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 “(iii) Engages on behalf of any party  
18 in a transaction involving a shell company,  
19 other than a business combination related  
20 shell company.

21 “(iv) Directly, or indirectly through  
22 any of its affiliates, provides financing re-  
23 lated to the transfer of ownership of an eli-  
24 gible privately held company.

1           “(v) *Assists any party to obtain fi-*  
2           *nancing from an unaffiliated third party*  
3           *without—*

4                     “(I) *complying with all other ap-*  
5                     *plicable laws in connection with such*  
6                     *assistance, including, if applicable,*  
7                     *Regulation T (12 CFR 220 et seq.);*  
8                     *and*

9                     “(II) *disclosing any compensation*  
10                    *in writing to the party.*

11           “(vi) *Represents both the buyer and the*  
12           *seller in the same transaction without pro-*  
13           *viding clear written disclosure as to the*  
14           *parties the broker represents and obtaining*  
15           *written consent from both parties to the*  
16           *joint representation.*

17           “(vii) *Facilitates a transaction with a*  
18           *group of buyers formed with the assistance*  
19           *of the M&A broker to acquire the eligible*  
20           *privately held company.*

21           “(viii) *Engages in a transaction in-*  
22           *volving the transfer of ownership of an eli-*  
23           *gible privately held company to a passive*  
24           *buyer or group of passive buyers. For pur-*  
25           *poses of the preceding sentence, a buyer that*

1            *is actively involved in managing the ac-*  
 2            *quired company is not a passive buyer, re-*  
 3            *gardless of whether such buyer is itself*  
 4            *owned by passive beneficial owners.*

5            *“(ix) Binds a party to a transfer of*  
 6            *ownership of an eligible privately held com-*  
 7            *pany.*

8            *“(C) DISQUALIFICATIONS.—An M&A broker*  
 9            *is not exempt from registration under this para-*  
 10           *graph if such broker is subject to—*

11           *“(i) suspension or revocation of reg-*  
 12           *istration under paragraph (4);*

13           *“(ii) a statutory disqualification de-*  
 14           *scribed in section 3(a)(39);*

15           *“(iii) a disqualification under the*  
 16           *rules adopted by the Commission under sec-*  
 17           *tion 926 of the Investor Protection and Se-*  
 18           *curities Reform Act of 2010 (15 U.S.C. 77d*  
 19           *note); or*

20           *“(iv) a final order described in para-*  
 21           *graph (4)(H).*

22           *“(D) RULE OF CONSTRUCTION.—Nothing in*  
 23           *this paragraph shall be construed to limit any*  
 24           *other authority of the Commission to exempt any*  
 25           *person, or any class of persons, from any provi-*

1        *sion of this title, or from any provision of any*  
 2        *rule or regulation thereunder.*

3                “(E) *DEFINITIONS.—In this paragraph:*

4                        “(i) *BUSINESS COMBINATION RELATED*  
 5                        *SHELL COMPANY.—The term ‘business com-*  
 6                        *bination related shell company’ means a*  
 7                        *shell company that is formed by an entity*  
 8                        *that is not a shell company—*

9                                “(I) *solely for the purpose of*  
 10                                *changing the corporate domicile of that*  
 11                                *entity solely within the United States;*  
 12                                *or*

13                                “(II) *solely for the purpose of*  
 14                                *completing a business combination*  
 15                                *transaction (as defined under section*  
 16                                *230.165(f) of title 17, Code of Federal*  
 17                                *Regulations) among one or more enti-*  
 18                                *ties other than the company itself, none*  
 19                                *of which is a shell company.*

20                                “(ii) *CONTROL.—The term ‘control’*  
 21                                *means the power, directly or indirectly, to*  
 22                                *direct the management or policies of a com-*  
 23                                *pany, whether through ownership of securi-*  
 24                                *ties, by contract, or otherwise. There is a*



1           *presumption of control for any person*  
 2           *who—*

3                     “(I) *is a director, general partner,*  
 4                     *member or manager of a limited liabil-*  
 5                     *ity company, or corporate officer of a*  
 6                     *corporation or limited liability com-*  
 7                     *pany, and exercises executive responsi-*  
 8                     *bility (or has similar status or func-*  
 9                     *tions);*

10                    “(II) *has the right to vote 25 per-*  
 11                    *cent or more of a class of voting securi-*  
 12                    *ties or the power to sell or direct the*  
 13                    *sale of 25 percent or more of a class of*  
 14                    *voting securities; or*

15                    “(III) *in the case of a partnership*  
 16                    *or limited liability company, has the*  
 17                    *right to receive upon dissolution, or*  
 18                    *has contributed, 25 percent or more of*  
 19                    *the capital.*

20                    “(iii) *ELIGIBLE PRIVATELY HELD COM-*  
 21                    *PANY.—The term ‘eligible privately held*  
 22                    *company’ means a privately held company*  
 23                    *that meets both of the following conditions:*

24                             “(I) *The company does not have*  
 25                             *any class of securities registered, or re-*

1           *quired to be registered, with the Com-*  
2           *mission under section 12 or with re-*  
3           *spect to which the company files, or is*  
4           *required to file, periodic information,*  
5           *documents, and reports under sub-*  
6           *section (d).*

7                     *“(II) In the fiscal year ending im-*  
8                     *mediately before the fiscal year in*  
9                     *which the services of the M&A broker*  
10                    *are initially engaged with respect to*  
11                    *the securities transaction, the company*  
12                    *meets either or both of the following*  
13                    *conditions (determined in accordance*  
14                    *with the historical financial account-*  
15                    *ing records of the company):*

16                             *“(aa) The earnings of the*  
17                             *company before interest, taxes, de-*  
18                             *preciation, and amortization are*  
19                             *less than \$25,000,000.*

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

23           *For purposes of this subclause, the*  
24           *Commission may by rule modify the*  
25           *dollar figures if the Commission deter-*

1            *mines that such a modification is nec-*  
2            *essary or appropriate in the public in-*  
3            *terest or for the protection of investors.*

4            *“(iv) M&A BROKER.—The term ‘M&A*  
5            *broker’ means a broker, and any person as-*  
6            *sociated with a broker, engaged in the busi-*  
7            *ness of effecting securities transactions sole-*  
8            *ly in connection with the transfer of owner-*  
9            *ship of an eligible privately held company,*  
10           *regardless of whether the broker acts on be-*  
11           *half of a seller or buyer, through the pur-*  
12           *chase, sale, exchange, issuance, repurchase,*  
13           *or redemption of, or a business combination*  
14           *involving, securities or assets of the eligible*  
15           *privately held company, if the broker rea-*  
16           *sonably believes that—*

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

1 *with the assets of the eligible privately*  
2 *held company; and*

3 *“(II) if any person is offered secu-*  
4 *rities in exchange for securities or as-*  
5 *sets of the eligible privately held com-*  
6 *pany, such person will, prior to becom-*  
7 *ing legally bound to consummate the*  
8 *transaction, receive or have reasonable*  
9 *access to the most recent fiscal year-*  
10 *end financial statements of the issuer*  
11 *of the securities as customarily pre-*  
12 *pared by the management of the issuer*  
13 *in the normal course of operations and,*  
14 *if the financial statements of the issuer*  
15 *are audited, reviewed, or compiled, any*  
16 *related statement by the independent*  
17 *accountant, a balance sheet dated not*  
18 *more than 120 days before the date of*  
19 *the offer, and information pertaining*  
20 *to the management, business, results of*  
21 *operations for the period covered by the*  
22 *foregoing financial statements, and*  
23 *material loss contingencies of the*  
24 *issuer.*

“(v) *SHELL COMPANY.*—*The term ‘shell company’ means a company that at the time of a transaction with an eligible privately held company—*

“(I) *has no or nominal operations; and*

“(II) *has—*

“(aa) *no or nominal assets;*

“(bb) *assets consisting solely of cash and cash equivalents; or*

“(cc) *assets consisting of any amount of cash and cash equivalents and nominal other assets.*

“(F) *INFLATION ADJUSTMENT.*—

“(i) *IN GENERAL.*—*On the date that is 5 years after the date of the enactment of this paragraph, and every 5 years thereafter, each dollar amount in subparagraph (E)(ii)(II) shall be adjusted by—*

“(I) *dividing the annual value of the Employment Cost Index For Wages and Salaries, Private Industry Workers (or any successor index), as published by the Bureau of Labor Statistics, for the calendar year preceding*

1           the calendar year in which the adjust-  
 2           ment is being made by the annual  
 3           value of such index (or successor) for  
 4           the calendar year ending December 31,  
 5           2012; and

6                       “(II) multiplying such dollar  
 7           amount by the quotient obtained under  
 8           subclause (I).

9                       “(ii) *ROUNDING*.—Each dollar amount  
 10          determined under clause (i) shall be round-  
 11          ed to the nearest multiple of \$100,000.”.

12 **SEC. 302. EFFECTIVE DATE.**

13          *The amendment made by this title shall take effect on*  
 14 *the date that is 90 days after the date of the enactment*  
 15 *of this Act.*

16 **TITLE IV—FAIR INVESTMENT OP-**  
 17 **PORTUNITIES FOR PROFES-**  
 18 **SIONAL EXPERTS**

19 **SEC. 401. DEFINITION OF ACCREDITED INVESTOR.**

20          (a) *IN GENERAL*.—Section 2(a)(15) of the Securities  
 21 *Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—*

22                       (1) *by redesignating clauses (i) and (ii) as sub-*  
 23 *paragraphs (A) and (F), respectively; and*

1           (2) in subparagraph (A) (as so redesignated), by  
2       striking “; or” and inserting a semicolon, and insert-  
3       ing after such subparagraph the following:

4           “(B) any natural person whose individual  
5       net worth, or joint net worth with that person’s  
6       spouse, exceeds \$1,000,000 (which amount, along  
7       with the amounts set forth in subparagraph (C),  
8       shall be adjusted for inflation by the Commission  
9       every 5 years to the nearest \$10,000 to reflect the  
10      change in the Consumer Price Index for All  
11      Urban Consumers published by the Bureau of  
12      Labor Statistics) where, for purposes of calcu-  
13      lating net worth under this subparagraph—

14           “(i) the person’s primary residence  
15      shall not be included as an asset;

16           “(ii) indebtedness that is secured by  
17      the person’s primary residence, up to the es-  
18      timated fair market value of the primary  
19      residence at the time of the sale of securities,  
20      shall not be included as a liability (except  
21      that if the amount of such indebtedness out-  
22      standing at the time of sale of securities ex-  
23      ceeds the amount outstanding 60 days be-  
24      fore such time, other than as a result of the  
25      acquisition of the primary residence, the

1           *amount of such excess shall be included as*  
2           *a liability); and*

3           *“(iii) indebtedness that is secured by*  
4           *the person’s primary residence in excess of*  
5           *the estimated fair market value of the pri-*  
6           *mary residence at the time of the sale of se-*  
7           *curities shall be included as a liability;*

8           *“(C) any natural person who had an indi-*  
9           *vidual income in excess of \$200,000 in each of*  
10          *the 2 most recent years or joint income with that*  
11          *person’s spouse in excess of \$300,000 in each of*  
12          *those years and has a reasonable expectation of*  
13          *reaching the same income level in the current*  
14          *year;*

15          *“(D) any natural person who is currently*  
16          *licensed or registered as a broker or investment*  
17          *adviser by the Commission, the Financial Indus-*  
18          *try Regulatory Authority, or an equivalent self-*  
19          *regulatory organization (as defined in section*  
20          *3(a)(26) of the Securities Exchange Act of 1934),*  
21          *or the securities division of a State or the equiv-*  
22          *alent State division responsible for licensing or*  
23          *registration of individuals in connection with se-*  
24          *curities activities;*



1           “(E) any natural person the Commission  
 2           determines, by regulation, to have demonstrable  
 3           education or job experience to qualify such per-  
 4           son as having professional knowledge of a subject  
 5           related to a particular investment, and whose  
 6           education or job experience is verified by the Fi-  
 7           nancial Industry Regulatory Authority or an  
 8           equivalent self-regulatory organization (as de-  
 9           fined in section 3(a)(26) of the Securities Ex-  
 10          change Act of 1934); or”.

11          (b) *RULEMAKING.*—The Commission shall revise the  
 12          definition of accredited investor under Regulation D (17  
 13          CFR 230.501 et seq.) to conform with the amendments made  
 14          by subsection (a).

## 15                   **TITLE V—FOSTERING** 16                   **INNOVATION**

### 17   **SEC. 501. TEMPORARY EXEMPTION FOR LOW-REVENUE** 18                   **ISSUERS.**

19          Section 404 of the Sarbanes-Oxley Act of 2002 (15  
 20          U.S.C. 7262) is amended by adding at the end the following:

21          “(d) *TEMPORARY EXEMPTION FOR LOW-REVENUE*  
 22          *ISSUERS.*—

23               “(1) *LOW-REVENUE EXEMPTION.*—Subsection (b)  
 24          shall not apply with respect to an audit report pre-  
 25          pared for an issuer that—

1           “(A) ceased to be an emerging growth com-  
 2           pany on the last day of the fiscal year of the  
 3           issuer following the fifth anniversary of the date  
 4           of the first sale of common equity securities of  
 5           the issuer pursuant to an effective registration  
 6           statement under the Securities Act of 1933;

7           “(B) had average annual gross revenues of  
 8           less than \$50,000,000 as of its most recently  
 9           completed fiscal year; and

10          “(C) is not a large accelerated filer.

11          “(2) EXPIRATION OF TEMPORARY EXEMPTION.—  
 12          An issuer ceases to be eligible for the exemption de-  
 13          scribed under paragraph (1) at the earliest of—

14               “(A) the last day of the fiscal year of the  
 15               issuer following the tenth anniversary of the date  
 16               of the first sale of common equity securities of  
 17               the issuer pursuant to an effective registration  
 18               statement under the Securities Act of 1933;

19               “(B) the last day of the fiscal year of the  
 20               issuer during which the average annual gross  
 21               revenues of the issuer exceed \$50,000,000; or

22               “(C) the date on which the issuer becomes a  
 23               large accelerated filer.

24          “(3) DEFINITIONS.—For purposes of this sub-  
 25          section:

“(A) *AVERAGE ANNUAL GROSS REVENUES.*—*The term ‘average annual gross revenues’ means the total gross revenues of an issuer over its most recently completed 3 fiscal years divided by 3.*

“(B) *EMERGING GROWTH COMPANY.*—*The term ‘emerging growth company’ has the meaning given such term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).*

“(C) *LARGE ACCELERATED FILER.*—*The term ‘large accelerated filer’ has the meaning given that term under section 240.12b–2 of title 17, Code of Federal Regulations, or any successor thereto.”.*

## ***TITLE VI—END BANKING FOR HUMAN TRAFFICKERS***

### ***SEC. 601. INCREASING THE ROLE OF THE FINANCIAL INDUSTRY IN COMBATING HUMAN TRAFFICKING.***

*(a) TREASURY AS A MEMBER OF THE PRESIDENT’S INTERAGENCY TASK FORCE TO MONITOR AND COMBAT TRAFFICKING.*—*Section 105(b) of the Victims of Trafficking and Violence Protection Act of 2000 (22 U.S.C. 7103(b)) is amended by inserting “the Secretary of the Treasury,” after “the Secretary of Education,”.*

1       (b) *REQUIRED REVIEW OF PROCEDURES.*—Not later  
 2 than 180 days after the date of the enactment of this Act,  
 3 the Financial Institutions Examination Council, in con-  
 4 sultation with the Secretary of the Treasury, the private  
 5 sector, and appropriate law enforcement agencies, shall—

6           (1) review and enhance training and examina-  
 7 tions procedures to improve the capabilities of anti-  
 8 money laundering and countering the financing of  
 9 terrorism programs to detect financial transactions  
 10 relating to severe forms of trafficking in persons;

11          (2) review and enhance procedures for referring  
 12 potential cases relating to severe forms of trafficking  
 13 in persons to the appropriate law enforcement agency;  
 14 and

15          (3) determine, as appropriate, whether require-  
 16 ments for financial institutions are sufficient to detect  
 17 and deter money laundering relating to severe forms  
 18 of trafficking in persons.

19       (c) *INTERAGENCY TASK FORCE RECOMMENDATIONS*  
 20 *TARGETING MONEY LAUNDERING RELATED TO HUMAN*  
 21 *TRAFFICKING.*—

22           (1) *IN GENERAL.*—Not later than 270 days after  
 23 the date of the enactment of this Act, the Interagency  
 24 Task Force to Monitor and Combat Trafficking shall  
 25 submit to the Committee on Financial Services and

1     *the Committee on the Judiciary of the House of Rep-*  
 2     *resentatives, the Committee on Banking, Housing,*  
 3     *and Urban Affairs and the Committee on the Judici-*  
 4     *ary of the Senate, and the head of each appropriate*  
 5     *Federal banking agency—*

6             *(A) an analysis of anti-money laundering*  
 7             *efforts of the United States Government and*  
 8             *United States financial institutions relating to*  
 9             *severe forms of trafficking in persons; and*

10            *(B) appropriate legislative, administrative,*  
 11            *and other recommendations to strengthen efforts*  
 12            *against money laundering relating to severe*  
 13            *forms of trafficking in persons.*

14            *(2) REQUIRED RECOMMENDATIONS.—The rec-*  
 15            *ommendations under paragraph (1) shall include—*

16            *(A) feedback from financial institutions on*  
 17            *best practices of successful programs to combat*  
 18            *severe forms of trafficking in persons currently*  
 19            *in place that may be suitable for broader adop-*  
 20            *tion by similarly situated financial institutions;*

21            *(B) feedback from stakeholders, including*  
 22            *victims of severe forms of trafficking in persons*  
 23            *and financial institutions, on policy proposals*  
 24            *derived from the analysis conducted by the task*  
 25            *force referred to in paragraph (1) that would en-*

1        *hance the efforts and programs of financial insti-*  
2        *tutions to detect and deter money laundering re-*  
3        *lating to severe forms of trafficking in persons,*  
4        *including any recommended changes to internal*  
5        *policies, procedures, and controls relating to se-*  
6        *vere forms of trafficking in persons;*

7                *(C) any recommended changes to training*  
8        *programs at financial institutions to better*  
9        *equip employees to deter and detect money laun-*  
10       *dering relating to severe forms of trafficking in*  
11       *persons;*

12               *(D) any recommended changes to expand*  
13       *information sharing relating to severe forms of*  
14       *trafficking in persons among financial institu-*  
15       *tions and between such financial institutions,*  
16       *appropriate law enforcement agencies, and ap-*  
17       *propriate Federal agencies; and*

18               *(E) recommended changes, if necessary, to*  
19       *existing statutory law to more effectively detect*  
20       *and deter money laundering relating to severe*  
21       *forms of trafficking in persons, where such*  
22       *money laundering involves the use of emerging*  
23       *technologies and virtual currencies.*

1       (d) *LIMITATION.*—*Nothing in this title shall be con-*  
 2 *strued to grant rulemaking authority to the Interagency*  
 3 *Task Force to Monitor and Combat Trafficking.*

4       (e) *DEFINITIONS.*—*As used in this section—*

5           (1) *the term “appropriate Federal banking agen-*  
 6 *cy” has the meaning given the term in section 3(q)*  
 7 *of the Federal Deposit Insurance Act (12 U.S.C.*  
 8 *1813(q));*

9           (2) *the term “severe forms of trafficking in per-*  
 10 *sons” has the meaning given such term in section 103*  
 11 *of the Trafficking Victims Protection Act of 2000 (22*  
 12 *U.S.C. 7102);*

13           (3) *the term “Interagency Task Force to Monitor*  
 14 *and Combat Trafficking” means the Interagency Task*  
 15 *Force to Monitor and Combat Trafficking established*  
 16 *by the President pursuant to section 105 of the Vic-*  
 17 *tims of Trafficking and Violence Protection Act of*  
 18 *2000 (22 U.S.C. 7103); and*

19           (4) *the term “law enforcement agency” means an*  
 20 *agency of the United States, a State, or a political*  
 21 *subdivision of a State, authorized by law or by a gov-*  
 22 *ernment agency to engage in or supervise the preven-*  
 23 *tion, detection, investigation, or prosecution of any*  
 24 *violation of criminal or civil law.*

1 **SEC. 602. COORDINATION OF HUMAN TRAFFICKING ISSUES**  
 2 **BY THE OFFICE OF TERRORISM AND FINAN-**  
 3 **CIAL INTELLIGENCE.**

4 (a) *FUNCTIONS.*—Section 312(a)(4) of title 31, United  
 5 States Code, is amended—

6 (1) *by redesignating subparagraphs (E), (F),*  
 7 *and (G) as subparagraphs (F), (G), and (H), respec-*  
 8 *tively; and*

9 (2) *by inserting after subparagraph (D) the fol-*  
 10 *lowing:*

11 “(E) *combating illicit financing relating to*  
 12 *severe forms of trafficking in persons;*”.

13 (b) *INTERAGENCY COORDINATION.*—Section 312(a) of  
 14 title 31, United States Code, is amended by adding at the  
 15 end the following:

16 “(8) *INTERAGENCY COORDINATION.*—The Sec-  
 17 *retary of the Treasury, after consultation with the*  
 18 *Undersecretary for Terrorism and Financial Crimes,*  
 19 *shall designate an office within the OTFI that shall*  
 20 *coordinate efforts to combat the illicit financing of se-*  
 21 *vere forms of trafficking in persons with—*

22 “(A) *other offices of the Department of the*  
 23 *Treasury;*

24 “(B) *other Federal agencies, including—*



1                   “(i) the Office to Monitor and Combat  
2                   *Trafficking in Persons of the Department of*  
3                   *State; and*

4                   “(ii) the Interagency Task Force to  
5                   *Monitor and Combat Trafficking;*

6                   “(C) *State and local law enforcement agen-*  
7                   *cies; and*

8                   “(D) *foreign governments.*”.

9           (c) *DEFINITION.*—Section 312(a) of title 31, United  
10 *States Code, as amended by this section, is further amended*  
11 *by adding at the end the following:*

12                   “(9) *DEFINITION.*—In this subsection, the term  
13                   ‘severe forms of trafficking in persons’ has the mean-  
14                   ing given such term in section 103 of the *Trafficking*  
15                   *Victims Protection Act of 2000 (22 U.S.C. 7102).*”.

16 **SEC. 603. ADDITIONAL REPORTING REQUIREMENT UNDER**  
17 **THE TRAFFICKING VICTIMS PROTECTION ACT**  
18 **OF 2000.**

19           Section 105(d)(7) of the *Trafficking Victims Protection*  
20 *Act of 2000 (22 U.S.C. 7103(d)(7)) is amended—*

21                   (1) *in the matter preceding subparagraph (A)—*

22                               (A) *by inserting “the Committee on Finan-*  
23                               *cial Services,” after “the Committee on Foreign*  
24                               *Affairs,”; and*

1           (B) by inserting “the Committee on Bank-  
 2           ing, Housing, and Urban Affairs,” after “the  
 3           Committee on Foreign Relations,”;

4           (2) in subparagraph (Q)(vii), by striking “;  
 5           and” and inserting a semicolon;

6           (3) in subparagraph (R), by striking the period  
 7           at the end and inserting “; and”; and

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

9           “(S) the efforts of the United States to  
 10          eliminate money laundering relating to severe  
 11          forms of trafficking in persons and the number  
 12          of investigations, arrests, indictments, and con-  
 13          victions in money laundering cases with a nexus  
 14          to severe forms of trafficking in persons.”.

15 **SEC. 604. MINIMUM STANDARDS FOR THE ELIMINATION OF**  
 16 **TRAFFICKING.**

17          Section 108(b) of the Trafficking Victims Protection  
 18          Act of 2000 (22 U.S.C. 7106(b)) is amended by adding at  
 19          the end the following new paragraph:

20          “(13) Whether the government of the country,  
 21          consistent with the capacity of the country, has in ef-  
 22          fect a framework to prevent financial transactions in-  
 23          volving the proceeds of severe forms of trafficking in  
 24          persons, and is taking steps to implement such a  
 25          framework, including by investigating, prosecuting,

1       *convicting, and sentencing individuals who attempt*  
 2       *or conduct such transactions.”.*

3       ***TITLE VII—INVESTING IN MAIN***  
 4       ***STREET***

5       ***SEC. 701. INVESTMENT IN SMALL BUSINESS INVESTMENT***  
 6       ***COMPANIES.***

7       *Section 302(b) of the Small Business Investment Act*  
 8       *of 1958 (15 U.S.C. 682(b)) is amended—*

9               *(1) in paragraph (1), by inserting before the pe-*  
 10       *riod the following: “or, subject to the approval of the*  
 11       *appropriate Federal banking agency, 15 percent of*  
 12       *such capital and surplus”;*

13              *(2) in paragraph (2), by inserting before the pe-*  
 14       *riod the following: “or, subject to the approval of the*  
 15       *appropriate Federal banking agency, 15 percent of*  
 16       *such capital and surplus”; and*

17              *(3) by adding at the end the following:*

18              *“(3) APPROPRIATE FEDERAL BANKING AGENCY*  
 19       *DEFINED.—For purposes of this subsection, the term*  
 20       *‘appropriate Federal banking agency’ has the mean-*  
 21       *ing given that term under section 3 of the Federal De-*  
 22       *posit Insurance Act.”.*

1                   **TITLE VIII—EXCHANGE**  
 2                   **REGULATORY IMPROVEMENT**

3   **SEC. 801. FINDINGS.**

4           *The Congress finds the following:*

5                   (1) *Over time, national securities exchanges have*  
 6                   *expanded their businesses beyond listings and trading*  
 7                   *to include the sale of additional products and services*  
 8                   *to their members and listed companies.*

9                   (2) *The Securities and Exchange Commission*  
 10                  *should be transparent in its interpretation of the term*  
 11                  *“facility” in section 3(a) of the Securities Exchange*  
 12                  *Act of 1934 (15 U.S.C. 78c(a)).*

13   **SEC. 802. FACILITY DEFINED.**

14           (a) *IN GENERAL.*—*Not later than 360 days after the*  
 15           *date of enactment of this Act, the Securities and Exchange*  
 16           *Commission (the “Commission”) shall adopt regulations to*  
 17           *further interpret the term “facility” under section 3(a) of*  
 18           *the Securities Exchange Act of 1934. Such regulations shall*  
 19           *set forth the facts and circumstances the Commission con-*  
 20           *siders when determining whether any premises or property,*  
 21           *or the right to use any premises, property, or service is or*  
 22           *is not a facility of an exchange.*

23           (b) *APPLICATION TO PROPOSED RULES.*—*The Com-*  
 24           *mission shall apply the facts and circumstances set forth*  
 25           *in the regulations issued pursuant to subsection (a) in de-*

1 *termining whether any proposed rule is or is not required*  
 2 *to be submitted as a proposed rule filing pursuant to section*  
 3 *19 of the Securities Exchange Act of 1934 and the rules*  
 4 *and regulations issued thereunder.*

5 ***TITLE IX—ENCOURAGING***  
 6 ***PUBLIC OFFERINGS***

7 ***SEC. 901. EXPANDING TESTING THE WATERS AND CON-***  
 8 ***FIDENTIAL SUBMISSIONS.***

9 *The Securities Act of 1933 (15 U.S.C. 77a et seq.) is*  
 10 *amended—*

11 *(1) in section 5(d)—*

12 *(A) by striking “Notwithstanding” and in-*  
 13 *serting the following:*

14 *“(1) IN GENERAL.—Notwithstanding”;*

15 *(B) by striking “an emerging growth com-*  
 16 *pany or any person authorized to act on behalf*  
 17 *of an emerging growth company” and inserting*  
 18 *“an issuer or any person authorized to act on be-*  
 19 *half of an issuer”; and*

20 *(C) by adding at the end the following:*

21 *“(2) ADDITIONAL REQUIREMENTS.—*

22 *“(A) IN GENERAL.—The Commission may*  
 23 *issue regulations, subject to public notice and*  
 24 *comment, to impose such other terms, conditions,*  
 25 *or requirements on the engaging in oral or writ-*

1        *ten communications described under paragraph*  
 2        *(1) by an issuer other than an emerging growth*  
 3        *company as the Commission determines appro-*  
 4        *priate.*

5                *“(B) REPORT TO CONGRESS.—Prior to any*  
 6        *rulemaking described under subparagraph (A),*  
 7        *the Commission shall issue a report to the Con-*  
 8        *gress containing a list of the findings supporting*  
 9        *the basis of such rulemaking.”; and*

10        *(2) in section 6(e)—*

11                *(A) in the heading, by striking “EMERGING*  
 12        *GROWTH COMPANIES” and inserting “DRAFT*  
 13        *REGISTRATION STATEMENTS”;*

14                *(B) by redesignating paragraph (2) as*  
 15        *paragraph (4); and*

16                *(C) by striking paragraph (1) and inserting*  
 17        *the following:*

18                *“(1) PRIOR TO INITIAL PUBLIC OFFERING.—Any*  
 19        *issuer, prior to its initial public offering date, may*  
 20        *confidentially submit to the Commission a draft reg-*  
 21        *istration statement, for confidential nonpublic review*  
 22        *by the staff of the Commission prior to public filing,*  
 23        *provided that the initial confidential submission and*  
 24        *all amendments thereto shall be publicly filed with the*  
 25        *Commission not later than 15 days before the date on*

1     *which the issuer conducts a road show (as defined*  
 2     *under section 230.433(h)(4) of title 17, Code of Fed-*  
 3     *eral Regulations) or, in the absence of a road show,*  
 4     *at least 15 days prior to the requested effective date*  
 5     *of the registration statement.*

6             “(2) *WITHIN 1 YEAR AFTER INITIAL PUBLIC OF-*  
 7     *FERING OR EXCHANGE REGISTRATION.—Any issuer,*  
 8     *within the 1-year period following its initial public*  
 9     *offering or its registration of a security under section*  
 10    *12(b) of the Securities Exchange Act of 1934, may*  
 11    *confidentially submit to the Commission a draft reg-*  
 12    *istration statement, for confidential nonpublic review*  
 13    *by the staff of the Commission prior to public filing,*  
 14    *provided that the initial confidential submission and*  
 15    *all amendments thereto shall be publicly filed with the*  
 16    *Commission by a date and time prior to any re-*  
 17    *quested effective date and time that the Commission*  
 18    *determines is appropriate to protect investors.*

19             “(3) *ADDITIONAL REQUIREMENTS.—*

20             “(A) *IN GENERAL.—The Commission may*  
 21     *issue regulations, subject to public notice and*  
 22     *comment, to impose such other terms, conditions,*  
 23     *or requirements on the submission of draft reg-*  
 24     *istration statements described under this sub-*  
 25     *section by an issuer other than an emerging*

1           *growth company as the Commission determines*  
 2           *appropriate.*

3           “(B) *REPORT TO CONGRESS.*—Prior to any  
 4           rulemaking described under subparagraph (A),  
 5           the Commission shall issue a report to the Con-  
 6           gress containing a list of the findings supporting  
 7           the basis of such rulemaking.”.

8           ***TITLE X—FAMILY OFFICE***  
 9           ***TECHNICAL CORRECTION***

10   ***SEC. 1001. ACCREDITED INVESTOR CLARIFICATION.***

11           (a) *IN GENERAL.*—Subject to subsection (b), any fam-  
 12           ily office or a family client of a family office, as defined  
 13           in section 275.202(a)(11)(G)–1 of title 17, Code of Federal  
 14           Regulations, shall be deemed to be an accredited investor,  
 15           as defined in Regulation D of the Securities and Exchange  
 16           Commission (or any successor thereto) under the Securities  
 17           Act of 1933.

18           (b) *LIMITATION.*—Subsection (a) only applies to a  
 19           family office with assets under management in excess of  
 20           \$5,000,000, and a family office or a family client not  
 21           formed for the specific purpose of acquiring the securities  
 22           offered, and whose purchase is directed by a person who  
 23           has such knowledge and experience in financial and busi-  
 24           ness matters that such person is capable of evaluating the  
 25           merits and risks of the prospective investment.



1 **TITLE XI—EXPANDING ACCESS**  
 2 **TO CAPITAL FOR RURAL JOB**  
 3 **CREATORS**

4 **SEC. 1101. ACCESS TO CAPITAL FOR RURAL-AREA SMALL**  
 5 **BUSINESSES.**

6 *Section 4(j) of the Securities Exchange Act of 1934 (15*  
 7 *U.S.C. 78d(j)) is amended—*

8 *(1) in paragraph(4)(C), by inserting “rural-area*  
 9 *small businesses,” after “women-owned small busi-*  
 10 *nesses,”; and*

11 *(2) in paragraph (6)(B)(iii), by inserting*  
 12 *“rural-area small businesses,” after “women-owned*  
 13 *small businesses,”.*

14 **TITLE XII—FINANCIAL INSTITU-**  
 15 **TION LIVING WILL IMPROVE-**  
 16 **MENT**

17 **SEC. 1201. LIVING WILL REFORMS.**

18 *(a) IN GENERAL.—Section 165(d) of the Dodd-Frank*  
 19 *Wall Street Reform and Consumer Protection Act (12*  
 20 *U.S.C. 5365(d)) is amended—*

21 *(1) in paragraph (1), by striking “periodically”*  
 22 *and inserting “every 2 years”; and*

23 *(2) in paragraph (3)—*

24 *(A) by striking “The Board” and inserting*  
 25 *the following:*

- 1                   “(A) *IN GENERAL.—The Board*”;
- 2                   (B) *by striking “shall review” and inserting*
- 3                   *the following: “shall—*
- 4                   *“(i) review”;*
- 5                   (C) *by striking the period and inserting “;*
- 6                   *and”;* and
- 7                   (D) *by adding at the end the following:*
- 8                   *“(ii) not later than the end of the 6-*
- 9                   *month period beginning on the date the*
- 10                  *company submits the resolution plan, pro-*
- 11                  *vide feedback to the company on such plan.*
- 12                  “(B) *DISCLOSURE OF ASSESSMENT FRAME-*
- 13                  *WORK.—The Board of Governors and the Cor-*
- 14                  *poration shall publicly disclose the assessment*
- 15                  *framework that is used to review information*
- 16                  *under this paragraph.”.*
- 17                  (b) *TREATMENT OF OTHER RESOLUTION PLAN RE-*
- 18                  *QUIREMENTS.—*
- 19                  (1) *IN GENERAL.—With respect to an appro-*
- 20                  *priate Federal banking agency that requires a bank-*
- 21                  *ing organization to submit to the agency a resolution*
- 22                  *plan not described under section 165(d) of the Dodd-*
- 23                  *Frank Wall Street Reform and Consumer Protection*
- 24                  *Act—*

1           (A) the respective agency shall ensure that  
 2           the review of such resolution plan is consistent  
 3           with the requirements contained in the amend-  
 4           ments made by this section;

5           (B) the agency may not require the submis-  
 6           sion of such a resolution plan more often than  
 7           every 2 years; and

8           (C) paragraphs (6) and (7) of such section  
 9           165(d) shall apply to such a resolution plan.

10          (2) *DEFINITIONS.*—For purposes of this sub-  
 11          section:

12           (A) *APPROPRIATE FEDERAL BANKING AGEN-*  
 13           *CY.*—The term “appropriate Federal banking  
 14           agency”—

15           (i) has the meaning given such term  
 16           under section 3 of the Federal Deposit In-  
 17           surance Act; and

18           (ii) means the National Credit Union  
 19           Administration, in the case of an insured  
 20           credit union.

21           (B) *BANKING ORGANIZATION.*—The term  
 22           “banking organization” means—

23           (i) an insured depository institution;

24           (ii) an insured credit union;

1                   (iii) a depository institution holding  
2                   company;

3                   (iv) a company that is treated as a  
4                   bank holding company for purposes of sec-  
5                   tion 8 of the International Banking Act;  
6                   and

7                   (v) a U.S. intermediate holding com-  
8                   pany established by a foreign banking orga-  
9                   nization pursuant to section 252.153 of title  
10                  12, Code of Federal Regulations.

11                (C) *INSURED CREDIT UNION*.—The term  
12                “insured credit union” has the meaning given  
13                that term under section 101 of the Federal Credit  
14                Union Act.

15                (D) *OTHER BANKING TERMS*.—The terms  
16                “depository institution holding company” and  
17                “insured depository institution” have the mean-  
18                ing given those terms, respectively, under section  
19                3 of the Federal Deposit Insurance Act.

20                (c) *RULE OF CONSTRUCTION*.—Nothing in this section,  
21                or any amendment made by this section, shall be construed  
22                as limiting the authority of an appropriate Federal bank-  
23                ing agency (as defined under subsection (b)(2)) to obtain  
24                information from an institution in connection with such

1 *agency’s authority to examine or require reports from the*  
 2 *institution.*

3 ***TITLE XIII—PREVENTION OF***  
 4 ***PRIVATE INFORMATION DIS-***  
 5 ***SEMINATION***

6 ***SEC. 1301. CRIMINAL PENALTY FOR UNAUTHORIZED DIS-***  
 7 ***CLOSURES.***

8 *Section 165 of the Financial Stability Act of 2010 (12*  
 9 *U.S.C. 5365) is amended by adding at the end the following:*

10 *“(l) CRIMINAL PENALTY FOR UNAUTHORIZED DISCLO-*  
 11 *SURES.—Section 552a(i)(1) of title 5, United States Code,*  
 12 *shall apply to a determination made under subsection (d)*  
 13 *or (i) based on individually identifiable information sub-*  
 14 *mitted pursuant to the requirements of this section to the*  
 15 *same extent as such section 552a(i)(1) applies to agency*  
 16 *records which contain individually identifiable information*  
 17 *the disclosure of which is prohibited by such section 552a*  
 18 *or by rules or regulations established thereunder.”.*

19 ***TITLE XIV—INTERNATIONAL***  
 20 ***INSURANCE STANDARDS***

21 ***SEC. 1401. SHORT TITLE.***

22 *This title may be cited as the “International Insurance*  
 23 *Standards Act of 2018”.*

24 ***SEC. 1402. CONGRESSIONAL FINDINGS.***

25 *The Congress finds the following:*

1           (1) *The State-based system for insurance regula-*  
 2           *tion in the United States has served American con-*  
 3           *sumers well for more than 150 years and has fostered*  
 4           *an open and competitive marketplace with a diversity*  
 5           *of insurance products to the benefit of policyholders*  
 6           *and consumers.*

7           (2) *Protecting policyholders by regulating to en-*  
 8           *sure an insurer's ability to pay claims has been the*  
 9           *hallmark of the successful United States system and*  
 10          *should be the paramount objective of domestic pruden-*  
 11          *tial regulation and emerging international standards.*

12          (3) *The Dodd-Frank Wall Street Reform and*  
 13          *Consumer Protection Act (Public Law 111–203) re-*  
 14          *affirmed the State-based insurance regulatory system.*

15 **SEC. 1403. REQUIREMENT THAT INSURANCE STANDARDS**

16 **REFLECT UNITED STATES POLICY.**

17 **(a) REQUIREMENT.—**

18          (1) *IN GENERAL.—Parties representing the Fed-*  
 19          *eral Government in any international regulatory,*  
 20          *standard-setting, or supervisory forum or in any ne-*  
 21          *gotiations of any international agreements relating to*  
 22          *the prudential aspects of insurance shall not agree to,*  
 23          *accede to, accept, or establish any proposed agreement*  
 24          *or standard if the proposed agreement or standard*

1       *fails to recognize the United States system of insur-*  
 2       *ance regulation as satisfying such proposals.*

3           (2) *INAPPLICABILITY.—Paragraph (1) shall not*  
 4       *apply to any forum or negotiations relating to a cov-*  
 5       *ered agreement (as such term is defined in section*  
 6       *313(r) of title 31, United States Code).*

7       (b) *FEDERAL INSURANCE OFFICE FUNCTIONS.—Sub-*  
 8       *paragraph (E) of section 313(c)(1) of title 31, United States*  
 9       *Code, is amended by inserting “Federal Government” after*  
 10      *“United States”.*

11       (c) *NEGOTIATIONS.—Nothing in this section shall be*  
 12      *construed to prevent participation in negotiations of any*  
 13      *proposed agreement or standard.*

14      **SEC. 1404. STATE INSURANCE REGULATOR INVOLVEMENT**  
 15                                      **IN INTERNATIONAL STANDARD SETTING.**

16       *In developing international insurance standards pur-*  
 17      *suant to section 1403, and throughout the negotiations of*  
 18      *such standards, parties representing the Federal Govern-*  
 19      *ment shall, on matters related to insurance, closely consult,*  
 20      *coordinate with, and seek to include in such meetings State*  
 21      *insurance commissioners or, at the option of the State in-*  
 22      *surance commissioners, designees of the insurance commis-*  
 23      *sioners acting at their direction.*

1 **SEC. 1405. CONSULTATION WITH CONGRESS.**

2       (a) *REQUIREMENT.*—Parties representing the Federal  
3 Government with respect to any agreement under section  
4 1403 shall provide written notice to and consult with the  
5 Committee on Financial Services of the House of Represent-  
6 atives and the Committee on Banking, Housing, and Urban  
7 Affairs of the Senate, and any other relevant committees  
8 of jurisdiction—

9               (1) before initiating negotiations to enter into  
10 the agreement, regarding—

11                       (A) the intention of the United States to  
12 participate in or enter into such negotiations;  
13 and

14                       (B) the nature and objectives of the negotia-  
15 tions; and

16               (2) during negotiations to enter into the agree-  
17 ment, regarding—

18                       (A) the nature and objectives of the negotia-  
19 tions;

20                       (B) the implementation of the agreement,  
21 including how it is consistent with and does not  
22 materially differ from or otherwise affect Federal  
23 or State laws or regulations;

24                       (C) the impact on the competitiveness of  
25 United States insurers; and

26                       (D) the impact on United States consumers.



1       (b) *CONSULTATION WITH FEDERAL ADVISORY COM-*  
 2 *MITTEE ON INSURANCE.*—*Before entering into an agree-*  
 3 *ment under section 1403, the Secretary of the Treasury*  
 4 *shall seek to consult with the Federal Advisory Committee*  
 5 *on Insurance formed pursuant to section 313(h) of title 31,*  
 6 *United States Code.*

7       **SEC. 1406. REPORT TO CONGRESS ON INTERNATIONAL IN-**  
 8                                   **SURANCE AGREEMENTS.**

9       *Before entering into an agreement under section 1403,*  
 10 *parties representing the Federal Government shall submit*  
 11 *to the appropriate congressional committees and leadership*  
 12 *a report that describes—*

13               (1) *the implementation of the agreement, includ-*  
 14 *ing how it is consistent with and does not materially*  
 15 *differ from or otherwise affect Federal or State laws*  
 16 *or regulations;*

17               (2) *the impact on the competitiveness of United*  
 18 *States insurers; and*

19               (3) *the impact on United States consumers.*

20       **SEC. 1407. COVERED AGREEMENTS.**

21       (a) *PREEMPTION OF STATE INSURANCE MEASURES.*—  
 22 *Subsection (f) of section 313 of title 31, United States Code,*  
 23 *is amended by striking “Director” each place such term ap-*  
 24 *pears and inserting “Secretary”.*

1       (b) *DEFINITION.*—Paragraph (2) of section 313(r) of  
2 title 31, United States Code, is amended—

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

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

7           (3) by adding at the end the following new sub-  
8 paragraph:

9                   “(C) applies only on a prospective basis.”.

10       (c) *CONSULTATION; SUBMISSION AND LAYOVER; CON-*  
11 *GRESSIONAL REVIEW.*—Section 314 of title 31, United  
12 States Code is amended—

13           (1) in subsection (b)—

14                   (A) in paragraph (2)(C), by striking “laws”  
15 and inserting the following: “and Federal law,  
16 and the nature of any changes in the laws of the  
17 United States or the administration of such laws  
18 that would be required to carry out a covered  
19 agreement”; and

20                   (B) by adding at the end the following new  
21 paragraph:

22                   “(3) *ACCESS TO NEGOTIATING TEXTS AND OTHER*  
23 *DOCUMENTS.*—Appropriate congressional committees  
24 and staff with proper security clearances shall be  
25 given timely access to United States negotiating pro-

1       posals, consolidated draft texts, and other pertinent  
 2       documents related to the negotiations, including clas-  
 3       sified materials.”;

4               (2) by redesignating subsection (c) as subsection  
 5       (d);

6               (3) by inserting after subsection (b) the following  
 7       new subsection:

8       “(c) *REQUIREMENTS FOR CONSULTATIONS WITH*  
 9       *STATE INSURANCE COMMISSIONERS.*—Throughout the ne-  
 10      gotiations of a covered agreement, parties representing the  
 11      Federal Government shall closely consult and coordinate  
 12      with State insurance commissioners.”;

13              (4) in subsection (d), as so redesignated by para-  
 14      graph (2)—

15                      (A) in the matter preceding paragraph (1),  
 16                      by striking “only if—” and inserting the fol-  
 17                      lowing: “only if, before signing the final  
 18                      legal text or otherwise entering into the agree-  
 19                      ment—”;

20                      (B) in paragraph (1), by striking “congres-  
 21                      sional committees specified in subsection (b)(1)”  
 22                      and inserting “appropriate congressional com-  
 23                      mittees and leadership and to congressional com-  
 24                      mittee staff with proper security clearances”;  
 25                      and

1                   (C) by striking paragraph (2) and inserting  
2                   the following new paragraph:

3                   “(2)(A) the 90-day period beginning on the date  
4                   on which the copy of the final legal text of the agree-  
5                   ment is submitted under paragraph (1) to the con-  
6                   gressional committees, leadership, and staff has ex-  
7                   pired; and

8                   “(B) the covered agreement has not been pre-  
9                   vented from taking effect pursuant to subsection (e).”;  
10                  and

11                  (5) by adding at the end the following new sub-  
12                  sections:

13                  “(e) *PERIOD FOR REVIEW BY CONGRESS.*—

14                  “(1) *IN GENERAL.*—During the layover period  
15                  referred to in subsection (d)(2)(A), the Committees on  
16                  Banking, Housing, and Urban Affairs and Finance of  
17                  the Senate and the Committees on Financial Services  
18                  and Ways of Means of the House of Representatives  
19                  should, as appropriate, exercise their full oversight re-  
20                  sponsibility.

21                  “(2) *EFFECT OF ENACTMENT OF A JOINT RESO-*  
22                  *LUTION OF DISAPPROVAL.*—Notwithstanding any  
23                  other provision of law, if a joint resolution of dis-  
24                  approval relating to a covered agreement submitted  
25                  under subsection (d)(1) is enacted in accordance with

1 subsection (f), the covered agreement shall not enter  
 2 into force with respect to the United States.

3 “(f) *JOINT RESOLUTIONS OF DISAPPROVAL.*—

4 “(1) *DEFINITION.*—In this subsection, the term  
 5 ‘joint resolution of disapproval’ means, with respect  
 6 to proposed covered agreement, only a joint resolution  
 7 of either House of Congress—

8 “(A) that is introduced during the 90-day  
 9 period referred to in subsection (d)(2)(A) relat-  
 10 ing to such proposed covered agreement;

11 “(B) which does not have a preamble;

12 “(C) the title of which is as follows: ‘A joint  
 13 resolution disapproving a certain proposed cov-  
 14 ered agreement under section 314 of title 31,  
 15 United States Code.’; and

16 “(D) the sole matter after the resolving  
 17 clause of which is the following: ‘Congress dis-  
 18 approves of the proposed covered agreement sub-  
 19 mitted to Congress under section 314(c)(1) of  
 20 title 31, United States Code, on  
 21 \_\_\_\_\_ relating to  
 22 \_\_\_\_\_.’, with the first blank space  
 23 being filled with the appropriate date and the  
 24 second blank space being filled with a short de-  
 25 scription of the proposed covered agreement.

1           “(2) *INTRODUCTION.*—*During the layover period*  
 2           *referred to in subsection (d)(2)(A), a joint resolution*  
 3           *of disapproval may be introduced—*

4                     “(A) *in the House of Representatives, by*  
 5                     *any Member of the House; and*

6                     “(B) *in the Senate, by any Senator,*  
 7           *and shall be referred to the appropriate committees.*

8           “(3) *RULES OF HOUSE OF REPRESENTATIVES*  
 9           *AND SENATE.*—*This subsection is enacted by Con-*  
 10           *gress—*

11                    “(A) *as an exercise of the rulemaking power*  
 12                    *of the Senate and the House of Representatives,*  
 13                    *respectively, and as such is deemed a part of the*  
 14                    *rules of each House, respectively, and supersedes*  
 15                    *other rules only to the extent that it is incon-*  
 16                    *sistent with such rules; and*

17                    “(B) *with full recognition of the constitu-*  
 18                    *tional right of either House to change the rules*  
 19                    *(so far as relating to the procedure of that*  
 20                    *House) at any time, in the same manner, and*  
 21                    *to the same extent as in the case of any other*  
 22                    *rule of that House.*

23           “(g) *APPROPRIATE CONGRESSIONAL COMMITTEES AND*  
 24           *LEADERSHIP DEFINED.*—*In this section, the term ‘appro-*  
 25           *priate congressional committees and leadership’ means—*

1           “(1) the Committees on Banking, Housing, and  
 2           Urban Affairs and Finance, and the majority and  
 3           minority leaders, of the Senate; and

4           “(2) the Committees on Financial Services and  
 5           Ways and Means, and the Speaker, the majority lead-  
 6           er, and the minority leader, of the House of Rep-  
 7           resentatives.”.

8   **SEC. 1408. INAPPLICABILITY TO TRADE AGREEMENTS.**

9           *This title and the amendments made by this title shall*  
 10          *not apply to any forum or negotiations related to a trade*  
 11          *agreement.*

12   **TITLE XV—ALLEVIATING STRESS**  
 13       **TEST BURDENS TO HELP IN-**  
 14       **VESTORS**

15   **SEC. 1501. STRESS TEST RELIEF FOR NONBANKS.**

16          *Section 165(i)(2) of the Dodd-Frank Wall Street Re-*  
 17          *form and Consumer Protection Act (12 U.S.C. 5365(i)(2))*  
 18          *is amended—*

19               (1) in subparagraph (A), by striking “are regu-  
 20               lated by a primary Federal financial regulatory  
 21               agency” and inserting: “whose primary financial reg-  
 22               ulatory agency is a Federal banking agency or the  
 23               Federal Housing Finance Agency”;

24               (2) in subparagraph (C), by striking “Each Fed-  
 25               eral primary financial regulatory agency” and in-

serting “Each Federal banking agency and the Federal Housing Finance Agency”; and

(3) by adding at the end the following:

“(D) SEC AND CFTC.—The Securities and Exchange Commission and the Commodity Futures Trading Commission may each issue regulations requiring financial companies with respect to which they are the primary financial regulatory agency to conduct periodic analyses of the financial condition, including available liquidity, of such companies under adverse economic conditions.”.

**TITLE XVI—NATIONAL STRATEGY FOR COMBATING THE FINANCING OF TRANSNATIONAL CRIMINAL ORGANIZATIONS**

**SEC. 1601. NATIONAL STRATEGY.**

(a) IN GENERAL.—The President, acting through the Secretary of the Treasury, shall, in consultation with the Attorney General, the Secretary of State, the Secretary of Homeland Security, the Director of National Intelligence, the Secretary of Defense, the Director of the Financial Crimes Enforcement Network, the Director of the United States Secret Service, the Director of the Federal Bureau



1 *of Investigation, the Administrator of the Drug Enforce-*  
 2 *ment Administration, the Commissioner of Customs and*  
 3 *Border Protection, the Director of the Office of National*  
 4 *Drug Control Policy, and the Federal functional regulators,*  
 5 *develop a national strategy to combat the financial net-*  
 6 *works of transnational organized criminals.*

7 (b) *TRANSMITTAL TO CONGRESS.—*

8 (1) *IN GENERAL.—Not later than 1 year after*  
 9 *the enactment of this Act, the President shall submit*  
 10 *to the appropriate Congressional committees and*  
 11 *make available to the relevant government agencies as*  
 12 *defined in subsection (a), a comprehensive national*  
 13 *strategy in accordance with subsection (a).*

14 (2) *UPDATES.—After the initial submission of*  
 15 *the national strategy under paragraph (1), the Presi-*  
 16 *dent shall, not less often than every 2 years, update*  
 17 *the national strategy and submit the updated strategy*  
 18 *to the appropriate Congressional committees.*

19 (c) *SEPARATE PRESENTATION OF CLASSIFIED MATE-*  
 20 *RIAL.—Any part of the national strategy that involves in-*  
 21 *formation that is properly classified under criteria estab-*  
 22 *lished by the President shall be submitted to Congress sepa-*  
 23 *rately in a classified annex and, if requested by the chair-*  
 24 *man or ranking member of one of the appropriate Congres-*

1 sional committees, as a briefing at an appropriate level of  
 2 security.

3 **SEC. 1602. CONTENTS OF NATIONAL STRATEGY.**

4       *The national strategy described in section 1601 shall*  
 5 *contain the following:*

6           (1) *THREATS.*—*An identification and assessment*  
 7 *of the most significant current transnational orga-*  
 8 *nized crime threats posed to the national security of*  
 9 *the United States or to the U.S. and international fi-*  
 10 *nancial system, including drug and human traf-*  
 11 *ficking organizations, cyber criminals, kleptocrats,*  
 12 *and other relevant state and non-state entities, in-*  
 13 *cluding those threats identified in the President’s*  
 14 *“Strategy to Combat Transnational Organized*  
 15 *Crime” (published July 2011).*

16           (2) *ILLICIT FINANCE.*—(A) *An identification of*  
 17 *individuals, entities, and networks (including ter-*  
 18 *rorist organizations, if any) that provide financial*  
 19 *support or financial facilitation to transnational or-*  
 20 *ganized crime groups, and an assessment of the scope*  
 21 *and role of those providing financial support to*  
 22 *transnational organized crime groups.*

23           (B) *An assessment of methods by which*  
 24 *transnational organized crime groups launder illicit*  
 25 *proceeds, including money laundering using real es-*

1     *tate and other tangible goods such as art and antiq-*  
 2     *uities, trade-based money laundering, bulk cash smug-*  
 3     *gling, exploitation of shell companies, and misuse of*  
 4     *digital currencies and other cyber technologies, as well*  
 5     *as an assessment of the risk to the financial system*  
 6     *of the United States of such methods.*

7             (3) *GOALS, OBJECTIVES, PRIORITIES, AND AC-*  
 8     *TIONS.—(A) A comprehensive, research-based discus-*  
 9     *sion of short-term and long-term goals, objectives, pri-*  
 10    *orities, and actions, listed for each department and*  
 11    *agency described under section 1601(a), for combating*  
 12    *the financing of transnational organized crime groups*  
 13    *and their facilitators.*

14            (B) *A description of how the strategy is inte-*  
 15    *grated into, and supports, the national security strat-*  
 16    *egy, drug control strategy, and counterterrorism strat-*  
 17    *egy of the United States.*

18            (4) *REVIEWS AND PROPOSED CHANGES.—A re-*  
 19    *view of current efforts to combat the financing or fi-*  
 20    *nancial facilitation of transnational organized crime,*  
 21    *including efforts to detect, deter, disrupt, and pros-*  
 22    *ecute transnational organized crime groups and their*  
 23    *supporters, and, if appropriate, proposed changes to*  
 24    *any law or regulation determined to be appropriate*  
 25    *to ensure that the United States pursues coordinated*

1        *and effective efforts within the jurisdiction of the*  
2        *United States, including efforts or actions that are*  
3        *being taken or can be taken by financial institutions,*  
4        *efforts in cooperation with international partners of*  
5        *the United States, and efforts that build partnerships*  
6        *and global capacity to combat transnational orga-*  
7        *nized crime.*

8        **SEC. 1603. DEFINITIONS.**

9        *In this title:*

10            (1) *APPROPRIATE CONGRESSIONAL COMMIT-*  
11        *TEES.—The term “appropriate congressional commit-*  
12        *tees” means—*

13                    (A) *the Committee on Financial Services,*  
14                    *the Committee on Foreign Affairs, the Committee*  
15                    *on Armed Services, the Committee on the Judici-*  
16                    *ary, the Committee on Homeland Security, and*  
17                    *the Permanent Select Committee on Intelligence*  
18                    *of the House of Representatives; and*

19                    (B) *the Committee on Banking, Housing,*  
20                    *and Urban Affairs, the Committee on Foreign*  
21                    *Relations, the Committee on Armed Services, the*  
22                    *Committee on the Judiciary, the Committee on*  
23                    *Homeland Security and Governmental Affairs,*  
24                    *and the Select Committee on Intelligence of the*  
25                    *Senate.*

1           (2) *FEDERAL FUNCTIONAL REGULATOR.*—*The*  
 2           *term “Federal functional regulator” has the meaning*  
 3           *given that term in section 509 of the Gramm-Leach-*  
 4           *Bliley Act (15 U.S.C. 6809).*

5           (3) *TRANSNATIONAL ORGANIZED CRIME.*—*The*  
 6           *term “transnational organized crime” refers to those*  
 7           *self-perpetuating associations of individuals who op-*  
 8           *erate transnationally for the purpose of obtaining*  
 9           *power, influence, monetary or commercial gains,*  
 10          *wholly or in part by illegal means, while—*

11                   (A) *protecting their activities through a*  
 12                   *pattern of corruption or violence; or*

13                   (B) *while protecting their illegal activities*  
 14                   *through a transnational organizational structure*  
 15                   *and the exploitation of transnational commerce*  
 16                   *or communication mechanisms.*

17           ***TITLE XVII—COMMON SENSE***  
 18           ***CREDIT UNION CAPITAL RELIEF***

19           ***SEC. 1701. DELAY IN EFFECTIVE DATE.***

20           *Notwithstanding any effective date set forth in the rule*  
 21           *issued by the National Credit Union Administration titled*  
 22           *“Risk-Based Capital” (published at 80 Fed. Reg. 66626*  
 23           *(October 29, 2015)), such final rule shall take effect on Jan-*  
 24           *uary 1, 2021.*

1 **TITLE XVIII—OPTIONS MARKETS**  
 2 **STABILITY**

3 **SEC. 1801. RULEMAKING.**

4       *Within 180 days of the date of enactment of this Act,*  
 5 *the Board of Governors of the Federal Reserve System, the*  
 6 *Federal Deposit Insurance Corporation, and the Comp-*  
 7 *troller of the Currency shall, jointly, issue a proposed rule,*  
 8 *and finalize such rule within 360 days of the date of enact-*  
 9 *ment of this Act, to adopt a methodology for calculating*  
 10 *the counterparty credit risk exposure, at default, of a depos-*  
 11 *itory institution, depository institution holding company,*  
 12 *or affiliate thereof to a client arising from a guarantee pro-*  
 13 *vided by the depository institution, depository institution*  
 14 *holding company, or affiliate thereof to a central*  
 15 *counterparty in respect of the client's performance under*  
 16 *an exchange-listed derivative contract cleared through that*  
 17 *central counterparty pursuant to the risk-based and lever-*  
 18 *age-based capital rules applicable to depository institutions*  
 19 *and depository institution holding companies under parts*  
 20 *3, 217, and 324 of title 12, Code of Federal Regulations.*  
 21 *In issuing such rule, the Board of Governors of the Federal*  
 22 *Reserve System, the Federal Deposit Insurance Corpora-*  
 23 *tion, and the Comptroller of the Currency shall consider—*

1           (1) *the availability of liquidity provided by mar-*  
2           *ket makers during times of high volatility in the cap-*  
3           *ital markets;*

4           (2) *the spread between the bid and the quote of-*  
5           *fered by market makers;*

6           (3) *the preference for clearing through central*  
7           *counterparties;*

8           (4) *the safety and soundness of the financial sys-*  
9           *tem and financial stability, including the benefits of*  
10          *central clearing;*

11          (5) *the safety and soundness of individual insti-*  
12          *tutions that may centrally clear exchange-listed de-*  
13          *rivatives or options on behalf of a client, including*  
14          *concentration of market share;*

15          (6) *the economic value of delta weighting a*  
16          *counterparty's position and netting of a counter-*  
17          *party's position;*

18          (7) *the inherent risk of the positions;*

19          (8) *barriers to entry for depository institutions,*  
20          *depository institution holding companies, affiliates*  
21          *thereof, and entities not affiliated with a depository*  
22          *institution or depository institution holding company*  
23          *to centrally clear exchange-listed derivatives or op-*  
24          *tions on behalf of market makers;*

1           (9) *the impact any changes may have on the*  
 2           *broader capital regime and aggregate capital in the*  
 3           *system; and*

4           (10) *consideration of other potential factors that*  
 5           *impact market making in the exchange-listed options*  
 6           *market, including changes in market structure.*

7   **SEC. 1802. REPORT TO CONGRESS.**

8           *At the end of the 5-year period beginning on the date*  
 9           *the final rule is issued under section 1801, the Board of*  
 10          *Governors of the Federal Reserve System shall submit to*  
 11          *the Committee on Financial Services of the House of Rep-*  
 12          *resentatives and the Committee on Banking, Housing, and*  
 13          *Urban Affairs of the Senate a report detailing the impact*  
 14          *of the final rule during such period on the factors described*  
 15          *under paragraphs (1) through (10) of section 1801.*

16   **TITLE XIX—COOPERATE WITH**  
 17       **LAW ENFORCEMENT AGEN-**  
 18       **CIES AND WATCH**

19   **SEC. 1901. SAFE HARBOR WITH RESPECT TO KEEP OPEN**  
 20       **LETTERS.**

21           (a) *IN GENERAL.*—*Subchapter II of chapter 53 of title*  
 22          *31, United States Code, is amended by adding at the end*  
 23          *the following:*



1 **“§ 5333. Safe harbor with respect to keep open letters**

2 “(a) *IN GENERAL.*—With respect to a customer ac-  
 3 count or customer transaction of a financial institution, if  
 4 a Federal, State, Tribal, or local law enforcement agency  
 5 requests, in writing, the financial institution to keep such  
 6 account or transaction open—

7 “(1) *the financial institution shall not be liable*  
 8 *under this subchapter for maintaining such account*  
 9 *or transaction consistent with the parameters of the*  
 10 *request; and*

11 “(2) *no Federal or State department or agency*  
 12 *may take any adverse supervisory action under this*  
 13 *subchapter with respect to the financial institution*  
 14 *for maintaining such account or transaction con-*  
 15 *sistent with the parameters of the request.*

16 “(b) *RULE OF CONSTRUCTION.*—Nothing in this sec-  
 17 tion may be construed—

18 “(1) *from preventing a Federal or State depart-*  
 19 *ment or agency from verifying the validity of a writ-*  
 20 *ten request described under subsection (a) with the*  
 21 *Federal, State, Tribal, or local law enforcement agen-*  
 22 *cy making the written request; or*

23 “(2) *to relieve a financial institution from com-*  
 24 *plying with any reporting requirements, including*  
 25 *the reporting of suspicious transactions under section*  
 26 *5318(g).*

1       “(c) *LETTER TERMINATION DATE.*—For purposes of  
 2   this section, any written request described under subsection  
 3   (a) shall include a termination date after which such re-  
 4   quest shall no longer apply.”.

5       (b) *CLERICAL AMENDMENT.*—The table of contents for  
 6   chapter 53 of title 31, United States Code, is amended by  
 7   inserting after the item relating to section 5332 the fol-  
 8   lowing:

“5333. *Safe harbor with respect to keep open letters.*”.

9                   **TITLE XX—MAIN STREET**  
 10                   **GROWTH**

11   **SEC. 2001. VENTURE EXCHANGES.**

12       (a) *SECURITIES EXCHANGE ACT OF 1934.*—Section 6  
 13   of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is  
 14   amended by adding at the end the following:

15       “(m) *VENTURE EXCHANGE.*—

16               “(1) *REGISTRATION.*—

17                   “(A) *IN GENERAL.*—A person may register  
 18       themselves (and a national securities exchange may  
 19       register a listing tier of such exchange) as a na-  
 20       tional securities exchange solely for the purposes  
 21       of trading venture securities by filing an appli-  
 22       cation with the Commission pursuant to sub-  
 23       section (a) and the rules and regulations there-  
 24       under.

1           “(B) *PUBLICATION OF NOTICE.*—*The Com-*  
 2           *mission shall, upon the filing of an application*  
 3           *under subparagraph (A), publish notice of such*  
 4           *filing and afford interested persons an oppor-*  
 5           *tunity to submit written data, views, and argu-*  
 6           *ments concerning such application.*

7           “(C) *APPROVAL OR DENIAL.*—

8           “(i) *IN GENERAL.*—*Within 90 days of*  
 9           *the date of publication of a notice under*  
 10           *subparagraph (B) (or within such longer*  
 11           *period as to which the applicant consents),*  
 12           *the Commission shall—*

13                   “(I) *by order grant such registra-*  
 14                   *tion; or*

15                   “(II) *institute a denial proceeding*  
 16                   *under clause (i) to determine whether*  
 17                   *registration should be denied.*

18           “(ii) *DENIAL PROCEEDING.*—*A pro-*  
 19           *ceeding under clause (i)(II) shall include*  
 20           *notice of the grounds for denial under con-*  
 21           *sideration and opportunity for hearing and*  
 22           *shall be concluded within 180 days of the*  
 23           *date of the publication of a notice under*  
 24           *subparagraph (B). At the conclusion of such*  
 25           *proceeding the Commission, by order, shall*

1           *grant or deny such registration. The Com-*  
 2           *mission may extend the time for conclusion*  
 3           *of such proceeding for up to 90 days if the*  
 4           *Commission finds good cause for such exten-*  
 5           *sion and publishes the Commission's rea-*  
 6           *sons for so finding or for such longer period*  
 7           *as to which the applicant consents.*

8           “(iii) *CRITERIA FOR APPROVAL OR DE-*  
 9           *NIAL.—The Commission shall grant a reg-*  
 10          *istration under this paragraph if the Com-*  
 11          *mission finds that the requirements of this*  
 12          *title and the rules and regulations there-*  
 13          *under with respect to the applicant are sat-*  
 14          *isfied. The Commission shall deny such reg-*  
 15          *istration if it does not make such finding.*

16          “(2) *POWERS AND RESTRICTIONS.—In addition*  
 17          *to the powers and restrictions otherwise applicable to*  
 18          *a national securities exchange, a venture exchange—*

19               “(A) *may only constitute, maintain, or pro-*  
 20               *vide a market place or facilities for bringing to-*  
 21               *gether purchasers and sellers of venture securi-*  
 22               *ties;*

23               “(B) *may not extend unlisted trading privi-*  
 24               *leges to any venture security;*

1           “(C) may only, if the venture exchange is a  
 2           listing tier of another national securities ex-  
 3           change, allow trading in securities that are reg-  
 4           istered under section 12(b) on a national securi-  
 5           ties exchange other than a venture exchange; and

6           “(D) may, subject to the rule filing process  
 7           under section 19(b)—

8                   “(i) determine the increment to be used  
 9                   for quoting and trading venture securities  
 10                  on the exchange; and

11                  “(ii) choose to carry out periodic auc-  
 12                  tions for the sale of a venture security in-  
 13                  stead of providing continuous trading of the  
 14                  venture security.

15           “(3) TREATMENT OF CERTAIN EXEMPTED SECU-  
 16           RITIES.—A security that is exempt from registration  
 17           pursuant to section 3(b) of the Securities Act of 1933  
 18           shall be exempt from section 12(a) of this title to the  
 19           extent such securities are traded on a venture ex-  
 20           change, if the issuer of such security is in compliance  
 21           with—

22                   “(A) all disclosure obligations of such sec-  
 23                   tion 3(b) and the regulations issued under such  
 24                   section; and

1           “(B) ongoing disclosure obligations of the  
2           applicable venture exchange that are similar to  
3           those provided by an issuer under tier 2 of Regu-  
4           lation A (17 CFR 230.251 et seq.).

5           “(4) VENTURE SECURITIES TRADED ON VENTURE  
6           EXCHANGES MAY NOT TRADE ON NON-VENTURE EX-  
7           CHANGES.—A venture security may not be traded on  
8           a national securities exchange that is not a venture  
9           exchange during any period in which the venture se-  
10          curity is being traded on a venture exchange.

11          “(5) RULE OF CONSTRUCTION.—Nothing in this  
12          subsection may be construed as requiring transactions  
13          in venture securities to be effected on a national secu-  
14          rities exchange.

15          “(6) COMMISSION AUTHORITY TO LIMIT CERTAIN  
16          TRADING.—The Commission may limit transactions  
17          in venture securities that are not effected on a na-  
18          tional securities exchange as appropriate to promote  
19          efficiency, competition, capital formation, and to pro-  
20          tect investors.

21          “(7) DISCLOSURES TO INVESTORS.—The Com-  
22          mission shall issue regulations to ensure that persons  
23          selling or purchasing venture securities on a venture  
24          exchange are provided disclosures sufficient to under-  
25          stand—

1           “(A) *the characteristics unique to venture*  
 2           *securities; and*

3           “(B) *in the case of a venture exchange that*  
 4           *is a listing tier of another national securities ex-*  
 5           *change, that the venture exchange is distinct*  
 6           *from the other national securities exchange.*

7           “(8) *DEFINITIONS.—For purposes of this sub-*  
 8           *section:*

9           “(A) *EARLY-STAGE, GROWTH COMPANY.—*

10           “(i) *IN GENERAL.—The term ‘early-*  
 11           *stage, growth company’ means an issuer—*

12           “(I) *that has not made any reg-*  
 13           *istered initial public offering of any se-*  
 14           *curities of the issuer; and*

15           “(II) *with a public float of less*  
 16           *than or equal to the value of public*  
 17           *float required to qualify as a large ac-*  
 18           *celerated filer under section 240.12b–2*  
 19           *of title 17, Code of Federal Regula-*  
 20           *tions.*

21           “(ii) *TREATMENT WHEN PUBLIC FLOAT*  
 22           *EXCEEDS THRESHOLD.—An issuer shall not*  
 23           *cease to be an early-stage, growth company*  
 24           *by reason of the public float of such issuer*

1           *exceeding the threshold specified in clause*  
2           *(i)(II) until the later of the following:*

3                     *“(I) The end of the period of 24*  
4                     *consecutive months during which the*  
5                     *public float of the issuer exceeds*  
6                     *\$2,000,000,000 (as such amount is in-*  
7                     *dexed for inflation every 5 years by the*  
8                     *Commission to reflect the change in the*  
9                     *Consumer Price Index for All Urban*  
10                    *Consumers published by the Bureau of*  
11                    *Labor Statistics, setting the threshold*  
12                    *to the nearest \$1,000,000).*

13                    *“(II) The end of the 1-year period*  
14                    *following the end of the 24-month pe-*  
15                    *riod described under subclause (I), if*  
16                    *the issuer requests such 1-year exten-*  
17                    *sion from a venture exchange and the*  
18                    *venture exchange elects to provide such*  
19                    *extension.*

20                    *“(B) PUBLIC FLOAT.—With respect to an*  
21                    *issuer, the term ‘public float’ means the aggre-*  
22                    *gate worldwide market value of the voting and*  
23                    *non-voting common equity of the issuer held by*  
24                    *non-affiliates.*

25                    *“(C) VENTURE SECURITY.—*



1                   “(i) *IN GENERAL.*—*The term ‘venture*  
2                   *security’ means—*

3                   “(I) *securities of an early-stage,*  
4                   *growth company that are exempt from*  
5                   *registration pursuant to section 3(b) of*  
6                   *the Securities Act of 1933;*

7                   “(II) *securities of an emerging*  
8                   *growth company; or*

9                   “(III) *securities registered under*  
10                  *section 12(b) and listed on a venture*  
11                  *exchange (or, prior to listing on a ven-*  
12                  *ture exchange, listed on a national se-*  
13                  *curities exchange) where—*

14                  “(aa) *the issuer of such secu-*  
15                  *rities has a public float less than*  
16                  *or equal to the value of public*  
17                  *float required to qualify as a large*  
18                  *accelerated filer under section*  
19                  *240.12b–2 of title 17, Code of Fed-*  
20                  *eral Regulations; or*

21                  “(bb) *the average daily trade*  
22                  *volume is 75,000 shares or less*  
23                  *during a continuous 60-day pe-*  
24                  *riod.*

1                   “(ii) *TREATMENT WHEN PUBLIC FLOAT*  
 2                   *EXCEEDS THRESHOLD.*—Securities shall not  
 3                   cease to be venture securities by reason of  
 4                   the public float of the issuer of such securi-  
 5                   ties exceeding the threshold specified in  
 6                   clause (i)(III)(aa) until the later of the fol-  
 7                   lowing:

8                   “(I) *The end of the period of 24*  
 9                   *consecutive months beginning on the*  
 10                   *date—*

11                   “(aa) *the public float of such*  
 12                   *issuer exceeds \$2,000,000,000; and*

13                   “(bb) *the average daily trade*  
 14                   *volume of such securities is*  
 15                   *100,000 shares or more during a*  
 16                   *continuous 60-day period.*

17                   “(II) *The end of the 1-year period*  
 18                   *following the end of the 24-month pe-*  
 19                   *riod described under subclause (I), if*  
 20                   *the issuer of such securities requests*  
 21                   *such 1-year extension from a venture*  
 22                   *exchange and the venture exchange*  
 23                   *elects to provide such extension.”.*

24                   (b) *SECURITIES ACT OF 1933.*—Section 18 of the Secu-  
 25                   rities Act of 1933 (15 U.S.C. 77r) is amended—

1           (1) *by redesignating subsection (d) as subsection*  
 2           *(e); and*

3           (2) *by inserting after subsection (c) the fol-*  
 4           *lowing:*

5           “(d) *TREATMENT OF SECURITIES LISTED ON A VEN-*  
 6           *TURE EXCHANGE.*—*Notwithstanding subsection (b), a secu-*  
 7           *rity is not a covered security pursuant to subsection*  
 8           *(b)(1)(A) if the security is only listed, or authorized for list-*  
 9           *ing, on a venture exchange (as defined under section 6(m)*  
 10           *of the Securities Exchange Act of 1934).’’.*

11          (c) *SENSE OF CONGRESS.*—*It is the sense of the Con-*  
 12          *gress that the Securities and Exchange Commission*  
 13          *should—*

14               (1) *when necessary or appropriate in the public*  
 15               *interest and consistent with the protection of inves-*  
 16               *tors, make use of the Commission’s general exemptive*  
 17               *authority under section 36 of the Securities Exchange*  
 18               *Act of 1934 (15 U.S.C. 78mm) with respect to the*  
 19               *provisions added by this section; and*

20               (2) *if the Commission determines appropriate,*  
 21               *create an Office of Venture Exchanges within the*  
 22               *Commission’s Division of Trading and Markets.*

23          (d) *RULE OF CONSTRUCTION.*—*Nothing in this section*  
 24          *or the amendments made by this section shall be construed*  
 25          *to impair or limit the construction of the antifraud provi-*

1 sions of the securities laws (as defined in section 3(a) of  
 2 the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)))  
 3 or the authority of the Securities and Exchange Commis-  
 4 sion under those provisions.

5 (e) *EFFECTIVE DATE FOR TIERS OF EXISTING NA-*  
 6 *TIONAL SECURITIES EXCHANGES.*—In the case of a securi-  
 7 ties exchange that is registered as a national securities ex-  
 8 change under section 6 of the Securities Exchange Act of  
 9 1934 (15 U.S.C. 78f) on the date of the enactment of this  
 10 Act, any election for a listing tier of such exchange to be  
 11 treated as a venture exchange under subsection (m) of such  
 12 section shall not take effect before the date that is 180 days  
 13 after such date of enactment.

## 14 **TITLE XXI—BUILDING UP INDE-** 15 **PENDENT LIVES AND DREAMS**

### 16 **SEC. 2101. MORTGAGE LOAN TRANSACTION DISCLOSURE** 17 **REQUIREMENTS.**

18 (a) *TILA AMENDMENT.*—Section 105 of the Truth in  
 19 Lending Act (15 U.S.C. 1604) is amended by inserting after  
 20 subsection (d) the following:

21 “(e) *DISCLOSURE FOR CHARITABLE MORTGAGE LOAN*  
 22 *TRANSACTIONS.*—With respect to a mortgage loan trans-  
 23 action involving a residential mortgage loan offered at zero  
 24 percent interest primarily for charitable purposes by an or-  
 25 ganization having tax-exempt status under section

1 501(c)(3) of the Internal Revenue Code of 1986, forms  
 2 HUD–1 and GFE (as defined under section 1024.2(b) of  
 3 title 12, Code of Federal Regulations), together with a dis-  
 4 closure substantially in the form of the Loan Model Form  
 5 H–2 (as defined under Appendix H to section 1026 of title  
 6 12, Code of Federal Regulations) shall, collectively, be an  
 7 appropriate model form for purposes of subsection (b).”.

8 (b) RESPA AMENDMENT.—Section 4 of the Real Es-  
 9 tate Settlement Procedures Act of 1974 (12 U.S.C. 2603)  
 10 is amended by adding at the end the following:

11 “(d) With respect to a mortgage loan transaction in-  
 12 volving a residential mortgage loan offered at zero percent  
 13 interest primarily for charitable purposes, an organization  
 14 having tax-exempt status under section 501(c)(3) of the In-  
 15 ternal Revenue Code of 1986 may use forms HUD–1 and  
 16 GFE (as defined under section 1024.2(b) of title 12, Code  
 17 of Federal Regulations) together with a disclosure substan-  
 18 tially in the form of the Loan Model Form H–2 (as defined  
 19 under Appendix H to section 1026 of title 12, Code of Fed-  
 20 eral Regulations), collectively, in lieu of the disclosure pub-  
 21 lished under subsection (a).”.

22 (c) REGULATIONS.—Not later than 180 days after the  
 23 date of the enactment of this Act, the Director of the Bureau  
 24 of Consumer Financial Protection shall issue such regula-

1 tions as may be necessary to implement the amendments  
 2 made by subsections (a) and (b).

3 (d) *EFFECTIVE DATE.*—The amendments made by  
 4 subsections (a) and (b) shall take effect on the date of the  
 5 enactment of this Act.

## 6 **TITLE XXII—MODERNIZING** 7 **DISCLOSURES FOR INVESTORS**

### 8 **SEC. 2201. FORM 10-Q ANALYSIS.**

9 (a) *IN GENERAL.*—The Securities and Exchange Com-  
 10 mission shall conduct an analysis of the costs and benefits  
 11 of requiring reporting companies to use Form 10-Q for sub-  
 12 mitting quarterly financial reports. Such analysis shall  
 13 consider—

14 (1) the costs and benefits of Form 10-Q to  
 15 emerging growth companies;

16 (2) the costs and benefits of Form 10-Q to the  
 17 Commission in terms of its ability to protect inves-  
 18 tors, maintain fair, orderly, and efficient markets,  
 19 and facilitate capital formation;

20 (3) the costs and benefits of Form 10-Q to other  
 21 reporting companies, investors, market researchers,  
 22 and other market participants, including the costs  
 23 and benefits associated with—

24 (A) the public availability of the informa-  
 25 tion required to be filed on Form 10-Q;

1           (B) the use of a standardized reporting for-  
2           mat across all classes of reporting companies;  
3           and

4           (C) the quarterly disclosure by some compa-  
5           nies of financial information in formats other  
6           than Form 10-Q, such as a quarterly earnings  
7           press release;

8           (4) the costs and benefits of alternative formats  
9           for quarterly reporting for emerging growth compa-  
10          nies to emerging growth companies, the Commission,  
11          other reporting companies, investors, market research-  
12          ers, and other market participants; and

13          (5) the expected impact of the use of alternative  
14          formats of quarterly reporting by emerging growth  
15          companies on overall market transparency and effi-  
16          ciency.

17          (b) *REPORT REQUIRED*.—Not later than 180 days  
18          after the date of enactment of this Act, the Commission shall  
19          issue a report to Congress that includes—

20               (1) the results of the analysis required by sub-  
21               section (a); and

22               (2) recommendations for decreasing costs, in-  
23               creasing transparency, and increasing efficiency of  
24               quarterly financial reporting by emerging growth  
25               companies.

1 ***TITLE XXIII—FIGHT ILLICIT NET-***  
 2 ***WORKS AND DETECT TRAF-***  
 3 ***FICKING***

4 ***SEC. 2301. FINDINGS.***

5 *The Congress finds the following:*

6 *(1) According to the Drug Enforcement Adminis-*  
 7 *tration (DEA) 2017 National Drug Threat Assess-*  
 8 *ment, transnational criminal organizations are in-*  
 9 *creasingly using virtual currencies.*

10 *(2) The Treasury Department has recognized*  
 11 *that: “The development of virtual currencies is an at-*  
 12 *tempt to meet a legitimate market demand. According*  
 13 *to a Federal Reserve Bank of Chicago economist,*  
 14 *United States consumers want payment options that*  
 15 *are versatile and that provide immediate finality. No*  
 16 *United States payment method meets that descrip-*  
 17 *tion, although cash may come closest. Virtual cur-*  
 18 *rencies can mimic cash’s immediate finality and ano-*  
 19 *nymity and are more versatile than cash for online*  
 20 *and cross-border transactions, making virtual cur-*  
 21 *rencies vulnerable for illicit transactions.”.*

22 *(3) Virtual currencies have become a prominent*  
 23 *method to pay for goods and services associated with*  
 24 *illegal sex trafficking and drug trafficking, which are*



1       *two of the most detrimental and troubling illegal ac-*  
2       *tivities facilitated by online marketplaces.*

3               *(4) Online marketplaces, including the dark web,*  
4       *have become a prominent platform to buy, sell, and*  
5       *advertise for illicit goods and services associated with*  
6       *sex trafficking and drug trafficking.*

7               *(5) According to the International Labour Orga-*  
8       *nization, in 2016, 4.8 million people in the world*  
9       *were victims of forced sexual exploitation, and in*  
10       *2014, the global profit from commercial sexual exploi-*  
11       *tation was \$99 billion.*

12               *(6) In 2016, within the United States, the Center*  
13       *for Disease Control estimated that there were 64,000*  
14       *deaths related to drug overdose, and the most severe*  
15       *increase in drug overdoses were those associated with*  
16       *fentanyl and fentanyl analogs (synthetic opioids),*  
17       *which amounted to over 20,000 overdose deaths.*

18               *(7) According to the United States Department*  
19       *of the Treasury 2015 National Money Laundering*  
20       *Risk Assessment, an estimated \$64 billion is gen-*  
21       *erated annually from United States drug trafficking*  
22       *sales.*

23               *(8) Illegal fentanyl in the United States origi-*  
24       *nates primarily from China, and it is readily avail-*  
25       *able to purchase through online marketplaces.*

1 **SEC. 2302. GAO STUDY.**

2       (a) *STUDY REQUIRED.*—*The Comptroller General of*  
3 *the United States shall conduct a study on how virtual cur-*  
4 *rencies and online marketplaces are used to facilitate sex*  
5 *and drug trafficking. The study shall consider—*

6           (1) *how online marketplaces, including the dark*  
7 *web, are being used as platforms to buy, sell, or facili-*  
8 *tate the financing of goods or services associated with*  
9 *sex trafficking or drug trafficking (specifically,*  
10 *opioids and synthetic opioids, including fentanyl,*  
11 *fentanyl analogs, and any precursor chemicals associ-*  
12 *ated with manufacturing fentanyl or fentanyl*  
13 *analogs) destined for, originating from, or within the*  
14 *United States;*

15           (2) *how financial payment methods, including*  
16 *virtual currencies and peer-to-peer mobile payment*  
17 *services, are being utilized by online marketplaces to*  
18 *facilitate the buying, selling, or financing of goods*  
19 *and services associated with sex or drug trafficking*  
20 *destined for, originating from, or within the United*  
21 *States;*

22           (3) *how virtual currencies are being used to fa-*  
23 *cilitate the buying, selling, or financing of goods and*  
24 *services associated with sex or drug trafficking, des-*  
25 *tined for, originating from, or within the United*

1       *States, when an online platform is not otherwise in-*  
2       *volved;*

3               *(4) how illicit funds that have been transmitted*  
4       *online and through virtual currencies are repatriated*  
5       *into the formal banking system of the United States*  
6       *through money laundering or other means;*

7               *(5) the participants (state and non-state actors)*  
8       *throughout the entire supply chain that participate in*  
9       *or benefit from the buying, selling, or financing of*  
10       *goods and services associated with sex or drug traf-*  
11       *ficking (either through online marketplaces or virtual*  
12       *currencies) destined for, originating from, or within*  
13       *the United States;*

14               *(6) Federal and State agency efforts to impede*  
15       *the buying, selling, or financing of goods and services*  
16       *associated with sex or drug trafficking destined for,*  
17       *originating from, or within the United States, includ-*  
18       *ing efforts to prevent the proceeds from sex or drug*  
19       *trafficking from entering the United States banking*  
20       *system;*

21               *(7) how virtual currencies and their underlying*  
22       *technologies can be used to detect and deter these il-*  
23       *licit activities; and*

1           (8) *to what extent can the immutable and trace-*  
2           *able nature of virtual currencies contribute to the*  
3           *tracking and prosecution of illicit funding.*

4           (b) *SCOPE.*—*For the purposes of the study required*  
5           *under subsection (a), the term “sex trafficking” means the*  
6           *recruitment, harboring, transportation, provision, obtain-*  
7           *ing, patronizing, or soliciting of a person for the purpose*  
8           *of a commercial sex act that is induced by force, fraud, or*  
9           *coercion, or in which the person induced to perform such*  
10          *act has not attained 18 years of age.*

11          (c) *REPORT TO CONGRESS.*—*Not later than 1 year*  
12          *after the date of enactment of this Act, the Comptroller Gen-*  
13          *eral of the United States shall submit to the Committee on*  
14          *Banking, Housing, and Urban Affairs of the Senate and*  
15          *the Committee on Financial Services of the House of Rep-*  
16          *resentatives a report summarizing the results of the study*  
17          *required under subsection (a), together with any rec-*  
18          *ommendations for legislative or regulatory action that*  
19          *would improve the efforts of Federal agencies to impede the*  
20          *use of virtual currencies and online marketplaces in facili-*  
21          *tating sex and drug trafficking.*

1 **TITLE XXIV—IMPROVING IN-**  
 2 **VESTMENT RESEARCH FOR**  
 3 **SMALL AND EMERGING**  
 4 **ISSUERS**

5 **SEC. 2401. RESEARCH STUDY.**

6 (a) *STUDY REQUIRED.*—The Securities and Exchange  
 7 Commission shall conduct a study to evaluate the issues af-  
 8 fecting the provision of and reliance upon investment re-  
 9 search into small issuers, including emerging growth com-  
 10 panies and companies considering initial public offerings.

11 (b) *CONTENTS OF STUDY.*—The study required under  
 12 subsection (a) shall consider—

13 (1) *factors related to the demand for such re-*  
 14 *search by institutional and retail investors;*

15 (2) *the availability of such research, including—*

16 (A) *the number and types of firms who pro-*  
 17 *vide such research;*

18 (B) *the volume of such research over time;*

19 *and*

20 (C) *competition in the research market;*

21 (3) *conflicts of interest relating to the production*  
 22 *and distribution of investment research;*

23 (4) *the costs of such research;*

1           (5) *the impacts of different payment mechanisms*  
2           *for investment research into small issuers, including*  
3           *whether such research is paid for by—*

4                   (A) *hard-dollar payments from research cli-*  
5                   *ents;*

6                   (B) *payments directed from the client’s*  
7                   *commission income (i.e., “soft dollars”); or*

8                   (C) *payments from the issuer that is the*  
9                   *subject of such research;*

10          (6) *any unique challenges faced by minority-*  
11          *owned, women-owned, and veteran-owned small*  
12          *issuers in obtaining research coverage; and*

13          (7) *the impact on the availability of research*  
14          *coverage for small issuers due to—*

15                   (A) *investment adviser concentration and*  
16                   *consolidation, including any potential impacts*  
17                   *of fund-size on demand for investment research*  
18                   *of small issuers;*

19                   (B) *broker and dealer concentration and*  
20                   *consolidation, including any relationships be-*  
21                   *tween the size of the firm and allocation of re-*  
22                   *sources for investment research into small*  
23                   *issuers;*

24                   (C) *Securities and Exchange Commission*  
25                   *rules;*

1           (D) registered national securities associa-  
2           tion rules;

3           (E) State and Federal liability concerns;

4           (F) the settlement agreements referenced in  
5           Securities and Exchange Commission Litigation  
6           Release No. 18438 (i.e., the “Global Research An-  
7           alyst Settlement”); and

8           (G) Directive 2014/65/EU of the European  
9           Parliament and of the Council of 15 May 2014  
10          on markets in financial instruments and amend-  
11          ing Directive 2002/92/EC and Directive 2011/61/  
12          EU, as implemented by the European Union  
13          (“EU”) member states (“MiFID II”).

14       (c) *REPORT REQUIRED*.—Not later than 180 days  
15       after the date of the enactment of this Act, the Securities  
16       and Exchange Commission shall submit to Congress a re-  
17       port that includes—

18           (1) the results of the study required by subsection  
19       (a); and

20           (2) recommendations to increase the demand for,  
21       volume of, and quality of investment research into  
22       small issuers, including emerging growth companies  
23       and companies considering initial public offerings.

1 **TITLE XXV—DEVELOPING AND**  
 2 **EMPOWERING OUR ASPIRING**  
 3 **LEADERS**

4 **SEC. 2501. DEFINITIONS.**

5 *Not later than the end of the 180-day period beginning*  
 6 *on the date of the enactment of this Act, the Securities and*  
 7 *Exchange Commission shall—*

8 *(1) revise the definition of a qualifying invest-*  
 9 *ment under paragraph (c) of section 275.203(l)–1 of*  
 10 *title 17, Code of Federal Regulations, to include an*  
 11 *equity security issued by a qualifying portfolio com-*  
 12 *pany, whether acquired directly from the company or*  
 13 *in a secondary acquisition; and*

14 *(2) revise paragraph (a) of such section to re-*  
 15 *quire, as a condition of a private fund qualifying as*  
 16 *a venture capital fund under such paragraph, that*  
 17 *the qualifying investments of the private fund are*  
 18 *predominantly qualifying investments that were ac-*  
 19 *quired directly from a qualifying portfolio company.*

20 **TITLE XXVI—EXPANDING IN-**  
 21 **VESTMENT IN SMALL BUSI-**  
 22 **NESSES**

23 **SEC. 2601. SEC STUDY.**

24 *(a) IN GENERAL.—The Securities and Exchange Com-*  
 25 *mission shall carry out a study of the 10 per centum thresh-*



1 *old limitation applicable to the definition of a diversified*  
 2 *company under section 5(b)(1) of the Investment Company*  
 3 *Act of 1940 (15 U.S.C. 80a-5(b)(1)) and determine whether*  
 4 *such threshold limits capital formation.*

5 (b) *CONSIDERATIONS.—In carrying out the study re-*  
 6 *quired under subsection (a), the Commission shall consider*  
 7 *the following:*

8 (1) *The size and number of diversified companies*  
 9 *that are currently restricted in their ability to own*  
 10 *more than 10 percent of the voting shares in an indi-*  
 11 *vidual company.*

12 (2) *If investing preferences of diversified compa-*  
 13 *nies have shifted away from companies with smaller*  
 14 *market capitalizations.*

15 (3) *The expected increase in the availability of*  
 16 *capital to small and emerging growth companies if*  
 17 *the threshold is increased.*

18 (4) *The ability of registered funds to manage li-*  
 19 *quidity risk.*

20 (5) *Any other consideration that the Commission*  
 21 *considers necessary and appropriate for the protection*  
 22 *of investors.*

23 (c) *SOLICITATION OF PUBLIC COMMENTS.—In car-*  
 24 *rying out the study required under subsection (a), the Com-*  
 25 *mission may solicit public comments.*

1       (d) *REPORT*.—Not later than the end of the 180-day  
 2       period beginning on the date of enactment of this Act, the  
 3       Commission shall issue a report to the Congress, and make  
 4       such report publicly available on the website of the Commis-  
 5       sion, containing—

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

9               (2) any legislative recommendations of the Com-  
 10      mission, including any recommendation to update the  
 11      10 per centum threshold.

12   **TITLE                   XXVII—PROMOTING**  
 13       **TRANSPARENT       STANDARDS**  
 14       **FOR CORPORATE INSIDERS**

15   **SEC. 2701. SEC STUDY.**

16       (a) *STUDY*.—

17               (1) *IN GENERAL*.—The Securities and Exchange  
 18       Commission shall carry out a study of whether Rule  
 19       10b5–1 (17 CFR 240.10b5–1) should be amended to—

20                   (A) limit the ability of issuers and issuer  
 21       insiders to adopt a plan described under para-  
 22       graph (c)(1)(i)(A)(3) of Rule 10b5–1 (“trading  
 23       plan”) when the issuer or issuer insider is per-  
 24       mitted to buy or sell securities during issuer-  
 25       adopted trading windows;

1           (B) limit the ability of issuers and issuer  
2           insiders to adopt multiple, overlapping trading  
3           plans;

4           (C) establish a mandatory delay between the  
5           adoption of a trading plan and the execution of  
6           the first trade pursuant to such a plan and, if  
7           so and depending on the Commission's findings  
8           with respect to subparagraph (A)—

9                 (i) whether any such delay should be  
10                the same for trading plans adopted during  
11                an issuer-adopted trading window as op-  
12                posed to outside of such a window; and

13               (ii) whether any exceptions to such a  
14                delay are appropriate;

15           (D) limit the frequency that issuers and  
16           issuer insiders may modify or cancel trading  
17           plans;

18           (E) require issuers and issuer insiders to  
19           file with the Commission trading plan adop-  
20           tions, amendments, terminations and trans-  
21           actions; or

22           (F) require boards of issuers that have  
23           adopted a trading plan to—

24                (i) adopt policies covering trading  
25                plan practices;

1                   (ii) periodically monitor trading plan  
2                   transactions; and

3                   (iii) ensure that issuer policies discuss  
4                   trading plan use in the context of guidelines  
5                   or requirements on equity hedging, holding,  
6                   and ownership.

7                   (2) *ADDITIONAL CONSIDERATIONS.*—In carrying  
8                   out the study required under paragraph (1), the Com-  
9                   mission shall consider—

10                   (A) how any such amendments may clarify  
11                   and enhance existing prohibitions against in-  
12                   sider trading;

13                   (B) the impact any such amendments may  
14                   have on the ability of issuers to attract persons  
15                   to become an issuer insider;

16                   (C) the impact any such amendments may  
17                   have on capital formation;

18                   (D) the impact any such amendments may  
19                   have on an issuer's willingness to operate as a  
20                   public company; and

21                   (E) any other consideration that the Com-  
22                   mission considers necessary and appropriate for  
23                   the protection of investors.

24                   (b) *REPORT.*—Not later than the end of the 1-year pe-  
25                   riod beginning on the date of the enactment of this Act,

1 *the Commission shall issue a report to the Committee on*  
 2 *Financial Services of the House of Representatives and the*  
 3 *Committee on Banking, Housing, and Urban Affairs of the*  
 4 *Senate containing all findings and determinations made in*  
 5 *carrying out the study required under section (a).*

6 (c) *RULEMAKING.—After the completion of the study*  
 7 *required under subsection (a), the Commission shall, subject*  
 8 *to public notice and comment, revise Rule 10b5–1 consistent*  
 9 *with the results of such study.*

10 ***TITLE XXVIII—INVESTMENT AD-***  
 11 ***VISER REGULATORY FLEXI-***  
 12 ***BILITY IMPROVEMENT***

13 ***SEC. 2801. DEFINITION OF SMALL BUSINESS OF SMALL OR-***  
 14 ***GANIZATION.***

15 *Not later than end the of the 1-year period beginning*  
 16 *on the date of the enactment of this Act, the Securities and*  
 17 *Exchange Commission shall revise the definitions of a*  
 18 *“small business” and “small organization” under section*  
 19 *275.0–7 of title 17, Code of Federal Regulations, to provide*  
 20 *alternative methods under which a business or organization*  
 21 *may qualify as a “small business” or “small organization”*  
 22 *under such section. In making such revision, the Commis-*  
 23 *sion shall consider whether such alternative methods should*  
 24 *include a threshold based on the number of non-clerical em-*  
 25 *ployees of the business or organization.*

1 ***TITLE XXIX—ENHANCING MULTI-***  
 2 ***CLASS SHARE DISCLOSURES***

3 ***SEC. 2901. DISCLOSURE RELATING TO MULTI-CLASS SHARE***  
 4 ***STRUCTURES.***

5 *Section 14 of the Securities Exchange Act of 1934 (15*  
 6 *U.S.C. 78n) is amended by adding at the end the following:*

7 *“(k) DISCLOSURE FOR ISSUERS WITH MULTI-CLASS*  
 8 *SHARE STRUCTURES.—*

9 *“(1) DISCLOSURE.—The Commission shall, by*  
 10 *rule, require each issuer with a multi-class share*  
 11 *structure to disclose the information described in*  
 12 *paragraph (2) in any proxy or consent solicitation*  
 13 *material for an annual meeting of the shareholders of*  
 14 *the issuer, or any other filing as the Commission de-*  
 15 *termines appropriate.*

16 *“(2) CONTENT.—A disclosure made under para-*  
 17 *graph (1) shall include, with respect to each person*  
 18 *who is a director, director nominee, or named execu-*  
 19 *tive officer of the issuer, or who is the beneficial*  
 20 *owner of securities with 5 percent or more of the total*  
 21 *combined voting power of all classes of securities enti-*  
 22 *tled to vote in the election of directors—*

23 *“(A) the number of shares of all classes of*  
 24 *securities entitled to vote in the election of direc-*  
 25 *tors beneficially owned by such person, expressed*

as a percentage of the total number of the outstanding securities of the issuer entitled to vote in the election of directors; and

“(B) the amount of voting power held by such person, expressed as a percentage of the total combined voting power of all classes of the securities of the issuer entitled to vote in the election of directors.

“(3) *MULTI-CLASS SHARE STRUCTURE*.—In this subsection, the term ‘multi-class share structure’ means a capitalization structure that contains two or more classes of securities that have differing amounts of voting rights in the election of directors.”.

## **TITLE XXX—NATIONAL SENIOR INVESTOR INITIATIVE**

### **SEC. 3001. SENIOR INVESTOR TASKFORCE.**

Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following:

“(k) *SENIOR INVESTOR TASKFORCE*.—

“(1) *ESTABLISHMENT*.—There is established within the Commission the Senior Investor Taskforce (in this subsection referred to as the ‘Taskforce’).

“(2) *DIRECTOR OF THE TASKFORCE*.—The head of the Taskforce shall be the Director, who shall—

“(A) report directly to the Chairman; and

1                   “(B) be appointed by the Chairman, in con-  
 2                   sultation with the Commission, from among in-  
 3                   dividuals—

4                   “(i) currently employed by the Com-  
 5                   mission or from outside of the Commission;  
 6                   and

7                   “(ii) having experience in advocating  
 8                   for the interests of senior investors.

9                   “(3) STAFFING.—The Chairman shall ensure  
 10                  that—

11                  “(A) the Taskforce is staffed sufficiently to  
 12                  carry out fully the requirements of this sub-  
 13                  section; and

14                  “(B) such staff shall include individuals  
 15                  from the Division of Enforcement, Office of Com-  
 16                  pliance Inspections and Examinations, and Of-  
 17                  fice of Investor Education and Advocacy.

18                  “(4) MINIMIZING DUPLICATION OF EFFORTS.—In  
 19                  organizing and staffing the Taskforce, the Chairman  
 20                  shall take such actions as may be necessary to mini-  
 21                  mize the duplication of efforts within the divisions  
 22                  and offices described under paragraph (3)(B) and  
 23                  any other divisions, offices, or taskforces of the Com-  
 24                  mission.



1           “(5) *FUNCTIONS OF THE TASKFORCE.*—*The*  
2           *Taskforce shall—*

3                   “(A) *identify challenges that senior inves-*  
4                   *tors encounter, including problems associated*  
5                   *with financial exploitation and cognitive decline;*

6                   “(B) *identify areas in which senior inves-*  
7                   *tors would benefit from changes in the regula-*  
8                   *tions of the Commission or the rules of self-regu-*  
9                   *latory organizations;*

10                  “(C) *coordinate, as appropriate, with other*  
11                  *offices within the Commission, other taskforces*  
12                  *that may be established within the Commission,*  
13                  *self-regulatory organizations, and the Elder Jus-*  
14                  *tice Coordinating Council; and*

15                  “(D) *consult, as appropriate, with State se-*  
16                  *curities and law enforcement authorities, State*  
17                  *insurance regulators, and other Federal agencies.*

18           “(6) *REPORT.*—*The Taskforce, in coordination,*  
19           *as appropriate, with the Office of the Investor Advo-*  
20           *cate and self-regulatory organizations, and in con-*  
21           *sultation, as appropriate, with State securities and*  
22           *law enforcement authorities, State insurance regu-*  
23           *lators, and Federal agencies, shall issue a report every*  
24           *2 years to the Committee on Banking, Housing, and*  
25           *Urban Affairs of the Senate and the Committee on*

1     *Financial Services of the House of Representatives,*  
2     *the first of which shall not be issued until after the*  
3     *report described in section 3002 of the JOBS and In-*  
4     *vestor Confidence Act of 2018 has been issued and*  
5     *considered by the Taskforce, containing—*

6             “(A) appropriate statistical information  
7             and full and substantive analysis;

8             “(B) a summary of recent trends and inno-  
9             vations that have impacted the investment land-  
10            scape for senior investors;

11            “(C) a summary of regulatory initiatives  
12            that have concentrated on senior investors and  
13            industry practices related to senior investors;

14            “(D) key observations, best practices, and  
15            areas needing improvement, involving senior in-  
16            vestors identified during examinations, enforce-  
17            ment actions, and investor education outreach;

18            “(E) a summary of the most serious issues  
19            encountered by senior investors, including issues  
20            involving financial products and services;

21            “(F) an analysis with regard to existing  
22            policies and procedures of brokers, dealers, in-  
23            vestment advisers, and other market participants  
24            related to senior investors and senior investor-re-

1           *lated topics and whether these policies and proce-*  
 2           *dures need to be further developed or refined;*

3           “(G) *recommendations for such changes to*  
 4           *the regulations, guidance, and orders of the Com-*  
 5           *mission and self-regulatory organizations and*  
 6           *such legislative actions as may be appropriate to*  
 7           *resolve problems encountered by senior investors;*  
 8           *and*

9           “(H) *any other information, as determined*  
 10          *appropriate by the Director of the Taskforce.*

11          “(7) *SUNSET.—The Taskforce shall terminate*  
 12          *after the end of the 10-year period beginning on the*  
 13          *date of the enactment of this subsection, but may be*  
 14          *reestablished by the Chairman.*

15          “(8) *SENIOR INVESTOR DEFINED.—For purposes*  
 16          *of this subsection, the term ‘senior investor’ means an*  
 17          *investor over the age of 65.”.*

18   **SEC. 3002. GAO STUDY.**

19          “(a) *IN GENERAL.—Not later than 1 year after the date*  
 20          *of enactment of this Act, the Comptroller General of the*  
 21          *United States shall submit to Congress and the Senior In-*  
 22          *vestor Taskforce the results of a study on the economic costs*  
 23          *of the financial exploitation of senior citizens.*

24          “(b) *CONTENTS.—The study required under subsection*

25          “(a) *shall include information with respect to—*

1           (1) *costs—*

2                   (A) *associated with losses by victims that*  
3                   *were incurred as a result of the financial exploi-*  
4                   *tation of senior citizens;*

5                   (B) *incurred by State and Federal agencies,*  
6                   *law enforcement and investigatory agencies, pub-*  
7                   *lic benefit programs, public health programs,*  
8                   *and other public programs as a result of the fi-*  
9                   *nancial exploitation of senior citizens; and*

10                  (C) *incurred by the private sector as a re-*  
11                  *sult of the financial exploitation of senior citi-*  
12                  *zens; and*

13           (2) *any other relevant costs that—*

14                   (A) *result from the financial exploitation of*  
15                   *senior citizens; and*

16                   (B) *the Comptroller General determines are*  
17                   *necessary and appropriate to include in order to*  
18                   *provide Congress and the public with a full and*  
19                   *accurate understanding of the economic costs re-*  
20                   *sulting from the financial exploitation of senior*  
21                   *citizens in the United States.*

22           (c) *SENIOR CITIZEN DEFINED.—For purposes of this*  
23           *section, the term “senior citizen” means an individual over*  
24           *the age of 65.*

***TITLE XXXI—MIDDLE MARKET  
IPO UNDERWRITING COST***

***SEC. 3101. STUDY ON IPO FEES.***

*(a) STUDY.—The Securities and Exchange Commission, in consultation with the Financial Industry Regulatory Authority, shall carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings (“IPOs”). In carrying out such study, the Commission shall—*

*(1) consider the direct and indirect costs of an IPO, including—*

*(A) fees, such as gross spreads paid to underwriters, IPO advisors, and other professionals;*

*(B) compliance with Federal and State securities laws at the time of the IPO; and*

*(C) such other IPO-related costs as the Commission determines appropriate;*

*(2) compare and analyze the costs of an IPO with the costs of obtaining alternative sources of financing and of liquidity;*

*(3) consider the impact of such costs on capital formation;*

1           (4) *analyze the impact of these costs on the*  
 2           *availability of public securities of small- and me-*  
 3           *dium-sized companies to retail investors; and*

4           (5) *analyze trends in IPOs over a time period*  
 5           *the Commission determines is appropriate to analyze*  
 6           *IPO pricing practices, considering—*

7                   (A) *the number of IPOs;*

8                   (B) *how costs for IPOs have evolved over*  
 9                   *time, including fees paid to underwriters, invest-*  
 10                   *ment advisory firms, and other professions for*  
 11                   *services in connection with an IPO;*

12                   (C) *the number of brokers and dealers active*  
 13                   *in underwriting IPOs;*

14                   (D) *the different types of services that un-*  
 15                   *derwriters and related persons provide before*  
 16                   *and after a small- or medium-sized company*  
 17                   *IPO and the factors impacting underwriting*  
 18                   *costs;*

19                   (E) *changes in the costs and availability of*  
 20                   *investment research for small- and medium-sized*  
 21                   *companies; and*

22                   (F) *any other consideration the Commission*  
 23                   *considers necessary and appropriate.*

24           (b) *REPORT.—Not later than the end of the 360-day*  
 25           *period beginning on the date of the enactment of this Act,*

1 *the Commission shall issue a report to the Congress con-*  
 2 *taining all findings and determinations made in carrying*  
 3 *out the study required under subsection (a) and any admin-*  
 4 *istrative or legislative recommendations the Commission*  
 5 *may have.*

6 ***TITLE XXXII—CROWDFUNDING***  
 7 ***AMENDMENTS***

8 ***SEC. 3201. CROWDFUNDING VEHICLES.***

9 *(a) AMENDMENTS TO THE SECURITIES ACT OF*  
 10 *1933.—The Securities Act of 1933 (15 U.S.C. 77a et seq.)*  
 11 *is amended—*

12 *(1) in section 2(a) (15 U.S.C. 77b(a)), by adding*  
 13 *at the end the following:*

14 *“(20) The term ‘crowdfunding vehicle’ has the*  
 15 *meaning given the term in section 3(c)(15)(B) of the*  
 16 *Investment Company Act of 1940 (15 U.S.C. 80a–*  
 17 *3(c)(15)(B)).”;*

18 *(2) in section 4(a)(6) (15 U.S.C. 77d(a)(6))—*

19 *(A) in subparagraph (A)—*

20 *(i) by inserting “, other than a*  
 21 *crowdfunding vehicle,” after “sold to all in-*  
 22 *vestors”; and*

23 *(ii) by inserting “other than a*  
 24 *crowdfunding vehicle,” after “the issuer,”;*  
 25 *and*

1           (B) in subparagraph (B), in the matter pre-  
 2           ceding clause (i), by inserting “, other than a  
 3           crowdfunding vehicle,” after “any investor”; and  
 4           (3) in section 4A(f) (15 U.S.C. 77d–1(f))—

5           (A) in the matter preceding paragraph (1),  
 6           by striking “Section 4(6)” and inserting “Sec-  
 7           tion 4(a)(6)”; and

8           (B) in paragraph (3), by inserting “by any  
 9           of paragraphs (1) through (14) of” before “sec-  
 10          tion 3(c)”.

11          (b) *AMENDMENTS TO THE INVESTMENT COMPANY ACT*  
 12          *OF 1940.*—Section 3(c) of the Investment Company Act of  
 13          1940 (15 U.S.C. 80a–3(c)) is amended by adding at the  
 14          end the following:

15               “(15)(A) Any crowdfunding vehicle.

16               “(B) For purposes of this paragraph, the term  
 17          ‘crowdfunding vehicle’ means a company—

18                       “(i) the purpose of which (as set forth in the  
 19                       organizational documents of the company) is  
 20                       limited to acquiring, holding, and disposing of  
 21                       securities issued by a single company in 1 or  
 22                       more transactions made under section 4(a)(6) of  
 23                       the Securities Act of 1933 (15 U.S.C. 77d(a)(6));

24                       “(ii) that issues only one class of securities;



1           “(iii) that receives no compensation in con-  
2           nection with the acquisition, holding, or disposi-  
3           tion of securities described in clause (i);

4           “(iv) no investment adviser or associated  
5           person of which receives any compensation on  
6           the basis of a share of capital gains upon, or  
7           capital appreciation of, any portion of the funds  
8           of an investor of the company;

9           “(v) the securities of which have been issued  
10          in a transaction made under section 4(a)(6) of  
11          the Securities Act of 1933 (15 U.S.C. 77d(a)(6)),  
12          where both the crowdfunding vehicle and the  
13          company whose securities the crowdfunding vehi-  
14          cle holds are co-issuers;

15          “(vi) that is current with respect to ongoing  
16          reporting requirements under section 227.202 of  
17          title 17, Code of Federal Regulations, or any suc-  
18          cessor regulation;

19          “(vii) that holds securities of a company  
20          that is subject to ongoing reporting requirements  
21          under section 227.202 of title 17, Code of Federal  
22          Regulations, or any successor regulation; and

23          “(viii) that is advised by an investment ad-  
24          viser that is—

1                   “(I) registered under the Investment  
2                   Advisers Act of 1940 (15 U.S.C. 80b–1 et  
3                   seq.); and

4                   “(II) required to—

5                   “(aa) disclose to the investors of  
6                   the company any fees charged by the  
7                   investment adviser; and

8                   “(bb) obtain approval from a ma-  
9                   jority of the investors of the company  
10                  with respect to any increase in the fees  
11                  described in item (aa).”.

12               (c) AMENDMENTS TO THE INVESTMENT ADVISERS ACT  
13               OF 1940.—The Investment Advisers Act of 1940 (15 U.S.C.  
14               80b–1 et seq.) is amended—

15               (1) in section 202(a) (15 U.S.C. 80b–2(a))—

16                   (A) by redesignating the second paragraph  
17                   (29) as paragraph (31); and

18                   (B) by adding at the end the following:

19                   “(32) The term ‘crowdfunding vehicle’ has the  
20                   meaning given the term in section 3(c)(15)(B) of the  
21                   Investment Company Act of 1940 (15 U.S.C. 80a–  
22                   3(c)(15)(B)).

23                   “(33)(A) The term ‘crowdfunding vehicle adviser’  
24                   means an investment adviser that acts as an invest-

1        *ment adviser solely with respect to crowdfunding ve-*  
 2        *hicles.*

3                “(B) *A determination, for the purposes of sub-*  
 4        *paragraph (A), regarding whether an investment ad-*  
 5        *viser acts as an investment adviser solely with respect*  
 6        *to crowdfunding vehicles shall not include any consid-*  
 7        *eration of the activity of any affiliate of the invest-*  
 8        *ment adviser.”;*

9                (2) *in section 203 (15 U.S.C. 80b–3), by adding*  
 10        *at the end the following:*

11        “(o) *CROWDFUNDING VEHICLE ADVISERS.—*

12                “(1) *IN GENERAL.—A crowdfunding vehicle ad-*  
 13        *viser shall be required to register under this section.*

14                “(2) *TAILORED REQUIREMENTS.—As necessary*  
 15        *or appropriate in the public interest and for the pro-*  
 16        *tection of investors, and to promote efficiency, com-*  
 17        *petition, and capital formation, the Commission may*  
 18        *tailor the requirements under section 275.206(4)–2 of*  
 19        *title 17, Code of Federal Regulations, with respect to*  
 20        *the application of those requirements to a*  
 21        *crowdfunding vehicle adviser.”; and*

22                (3) *in section 203A(a) (15 U.S.C. 80b–3a(a))—*

23                (A) *in paragraph (1)—*

24                (i) *in subparagraph (A), by striking*

25                “or” *at the end;*

1                   (ii) in subparagraph (B), by striking  
2                   the period at the end and inserting “; or”;  
3                   and

4                   (iii) by adding at the end the fol-  
5                   lowing:

6                   “(C) is a crowdfunding vehicle adviser.”;

7                   and

8                   (B) in paragraph (2)—

9                   (i) in subparagraph (A), by inserting  
10                  “a crowdfunding vehicle adviser,” after  
11                  “unless the investment adviser is”; and

12                  (ii) in subparagraph (B)(ii), in the  
13                  matter preceding subclause (I), by inserting  
14                  “except with respect to a crowdfunding ve-  
15                  hicle adviser,” before “has assets”.

16 **SEC. 3202. CROWDFUNDING EXEMPTION FROM REGISTRA-**  
17 **TION.**

18           Section 12(g)(6) of the Securities Exchange Act of  
19 1934 (15 U.S.C. 78l(g)(6)) is amended—

20           (1) by striking “The Commission” and inserting  
21           the following:

22                   “(A) *IN GENERAL.*—The Commission”;

23           (2) in subparagraph (A), as so designated, by  
24           striking “section 4(6)” and inserting “section  
25           4(a)(6)”; and

1           (3) *by adding at the end the following:*

2                   “(B) *TREATMENT OF SECURITIES ISSUED*  
3           *BY CERTAIN ISSUERS.*—

4                   “(i) *IN GENERAL.*—*An exemption*  
5                   *under subparagraph (A) shall be uncondi-*  
6                   *tional for securities offered by an issuer that*  
7                   *had a public float of less than \$75,000,000,*  
8                   *as of the last business day of the most re-*  
9                   *cently completed semiannual period of the*  
10                  *issuer, which shall be calculated in accord-*  
11                  *ance with clause (ii).*

12                  “(ii) *CALCULATION.*—

13                   “(I) *IN GENERAL.*—*A public float*  
14                   *described in clause (i) shall be cal-*  
15                   *culated by multiplying the aggregate*  
16                   *worldwide number of shares of the*  
17                   *common equity securities of an issuer*  
18                   *that are held by non-affiliates by the*  
19                   *price at which those securities were*  
20                   *last sold (or the average bid and asked*  
21                   *prices of those securities) in the prin-*  
22                   *cipal market for those securities.*

23                   “(II) *CALCULATION OF ZERO.*—*If*  
24                   *a public float calculation under sub-*  
25                   *clause (I) with respect to an issuer is*

1                   *zero, an exemption under subpara-*  
2                   *graph (A) shall be unconditional for*  
3                   *securities offered by the issuer if the*  
4                   *issuer had annual revenues of less than*  
5                   *\$50,000,000, as of the most recently*  
6                   *completed fiscal year of the issuer.”.*

Amend the title so as to read: “An Act to modernize U.S. markets and to promote capital formation, investor confidence, and economic growth, and for other purposes.”.

Attest:

*Clerk.*



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

**S. 488**

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**AMENDMENTS**