

116TH CONGRESS
1ST SESSION

H. R. 3050

IN THE SENATE OF THE UNITED STATES

JULY 10, 2019

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

AN ACT

To require the Securities and Exchange Commission to carry out a study of the 10 per centum threshold limitation applicable to the definition of a diversified company under the Investment Company Act of 1940, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Expanding Investment
3 in Small Businesses Act of 2019”.

4 **SEC. 2. SEC STUDY.**

5 (a) IN GENERAL.—The Securities and Exchange
6 Commission shall carry out a study of the 10 per centum
7 threshold limitation applicable to the definition of a diver-
8 sified company under section 5(b)(1) of the Investment
9 Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and deter-
10 mine the impacts of such threshold limits upon the protec-
11 tion of investors, efficiency, competition, and capital for-
12 mation.

13 (b) CONSIDERATIONS.—In carrying out the study re-
14 quired under subsection (a), the Commission shall con-
15 sider the following:

16 (1) The size and number of diversified compa-
17 nies that are currently restricted in their ability to
18 own more than 10 percent of the voting shares in an
19 individual company.

20 (2) How the investing preferences of diversified
21 companies have shifted over time with respect to
22 companies with smaller market capitalizations and
23 companies in industries where competition may be
24 limited.

25 (3) The expected impact to small and emerging
26 growth companies regarding the availability of cap-

1 ital, related impacts on investor confidence and risk,
2 and impacts on competition, if the threshold is in-
3 creased or otherwise changed.

4 (4) The ability of registered funds to manage li-
5 quidity risk.

6 (5) Any other consideration that the Commis-
7 sion considers necessary and appropriate for the pro-
8 tection of investors.

9 (c) SOLICITATION OF PUBLIC COMMENTS.—In car-
10 rying out the study required under subsection (a), the
11 Commission may solicit public comments.

12 (d) REPORT.—Not later than the end of the 180-day
13 period beginning on the date of enactment of this Act, the
14 Commission shall issue a report to the Congress, and
15 make such report publicly available on the website of the
16 Commission, containing—

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

1 (2) any legislative recommendations of the
2 Commission.

Passed the House of Representatives July 9, 2019.

Attest: CHERYL L. JOHNSON,
Clerk.