

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 1815) TO REQUIRE THE SECURITIES AND EXCHANGE COMMISSION, WHEN DEVELOPING RULES AND REGULATIONS ABOUT DISCLOSURES TO RETAIL INVESTORS, TO CONDUCT INVESTOR TESTING, INCLUDING A SURVEY AND INTERVIEWS OF RETAIL INVESTORS, AND FOR OTHER PURPOSES, AND PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 3624) TO AMEND THE SECURITIES EXCHANGE ACT OF 1934 TO REQUIRE THE DISCLOSURE OF THE TOTAL NUMBER OF DOMESTIC AND FOREIGN EMPLOYEES OF CERTAIN PUBLIC COMPANIES, AND FOR OTHER PURPOSES

OCTOBER 15, 2019.—Referred to the House Calendar and ordered to be printed

Mr. DESAULNIER, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 629]

The Committee on Rules, having had under consideration House Resolution 629, by a record vote of 6 to 4, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 1815, the SEC Disclosure Effectiveness Testing Act, under a structured rule. The resolution provides one hour of general debate on the bill equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution provides that an amendment in the nature of a substitute consisting of the text of Rules Committee Print 116-34, modified by the amendment printed in part A of this report, shall be considered as adopted and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution makes in order only those further amendments printed in Part B of this report. Each such amendment may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. The resolution waives all points of order

against the amendments printed in part B of this report. The resolution provides for one motion to recommit with or without instructions. The resolution provides for consideration of H.R. 3624, the Outsourcing Accountability Act of 2019, under a structured rule. The resolution provides one hour of general debate on the bill equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution makes in order as original text for the purpose of amendment the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill and provides that it shall be considered as read. The resolution waives all points of order against that amendment in the nature of a substitute. The resolution makes in order only those further amendments printed in Part C of this report. Each such amendment may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. The resolution waives all points of order against the amendments printed in Part C of this report. The resolution provides one motion to recommit with or without instructions.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of H.R. 1815 includes waivers of the following:

- Clause 12(a)(1) of rule XXI, which prohibits consideration of a bill unless there is a searchable electronic comparative print that shows how the bill proposes to change current law.
- Clause 12(b) of rule XXI, which prohibits consideration of a bill unless there is a searchable electronic comparative print that shows how the text of the bill as proposed to be considered differs from the text of the bill as reported.

Although the resolution waives all points of order against provisions in H.R. 1815, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendments printed in part B of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against consideration of H.R. 3624, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendment in the nature of a substitute to H.R. 3624 made in order as original text, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendments printed in part C of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 175

Motion by Mr. Cole to report an open rule for H.R. 1815 and H.R. 3624. Defeated: 4–6

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Nay	Mr. Cole	Yea
Mrs. Torres .....	.....	Mr. Woodall	Yea
Mr. Perlmutter	Nay	Mr. Burgess	Yea
Mr. Raskin .....	.....	Mrs. Lesko	Yea
Ms. Scanlon	Nay		
Mr. Morelle	Nay		
Ms. Shalala	Nay		
Mr. DeSaulnier	Nay		
Mr. McGovern, Chairman .....	.....	

Rules Committee record vote No. 176

Motion by Mr. Woodall to add a section to the rule that provides that it shall be in order at any time through October 31, 2019, for the Speaker to entertain motions that the House suspend the rules relating to the bill (H.R. 553) to amend title 10, United States Code, to repeal the requirement for reduction of survivor annuities under the Survivor Benefit Plan for military surviving spouses to offset the receipt of veterans dependency and indemnity compensation, and for other purposes. Defeated: 4–6

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Nay	Mr. Cole	Yea
Mrs. Torres .....	.....	Mr. Woodall	Yea
Mr. Perlmutter	Nay	Mr. Burgess	Yea
Mr. Raskin .....	.....	Mrs. Lesko	Yea
Ms. Scanlon	Nay		
Mr. Morelle	Nay		
Ms. Shalala	Nay		
Mr. DeSaulnier	Nay		
Mr. McGovern, Chairman .....	.....	

Rules Committee record vote No. 177

Motion by Mr. Burgess to amend the rule to H.R. 1815 to make in order amendment #2, offered by Rep. Stivers (OH), which adds climate change disclosures to the proposed rules and regulations that would be subjected to investor testing in the underlying bill. Defeated: 4–6

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Nay	Mr. Cole	Yea
Mrs. Torres .....	.....	Mr. Woodall	Yea
Mr. Perlmutter	Nay	Mr. Burgess	Yea
Mr. Raskin .....	.....	Mrs. Lesko	Yea
Ms. Scanlon	Nay		
Mr. Morelle	Nay		
Ms. Shalala	Nay		
Mr. DeSaulnier	Nay		
Mr. McGovern, Chairman .....	.....	

Rules Committee record vote No. 178

Motion by Mrs. Lesko to amend the rule to H.R. 1815 to make in order amendment #4, offered by Rep. Emmer (MN), which applies the bill's investor testing to any disclosures relating to "environmental, social, or governance" (ESG) factors. Defeated: 4–6

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Nay	Mr. Cole	Yea
Mrs. Torres .....	.....	Mr. Woodall	Yea
Mr. Perlmutter	Nay	Mr. Burgess	Yea
Mr. Raskin .....	.....	Mrs. Lesko	Yea
Ms. Scanlon	Nay		
Mr. Morelle	Nay		
Ms. Shalala	Nay		
Mr. DeSaulnier	Nay		
Mr. McGovern, Chairman .....	.....	

Rules Committee record vote No. 179

Motion by Mr. Hastings to report the rule. Adopted: 6–4

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Yea	Mr. Cole	Nay
Mrs. Torres .....	.....	Mr. Woodall	Nay
Mr. Perlmutter	Yea	Mr. Burgess	Nay
Mr. Raskin .....	.....	Mrs. Lesko	Nay
Ms. Scanlon	Yea		
Mr. Morelle	Yea		
Ms. Shalala	Yea		
Mr. DeSaulnier	Yea		
Mr. McGovern, Chairman .....	.....	

SUMMARY OF THE AMENDMENT TO H.R. 1815 IN PART A
CONSIDERED AS ADOPTED

1. Waters (CA): Makes several technical changes to the bill to correct citations and internal references.

SUMMARY OF THE AMENDMENTS TO H.R. 1815 IN PART B
MADE IN ORDER

1. Huizenga (MI): Exempts Form CRS, a recently developed disclosure document that went through SEC investor testing, from the bill's investor testing requirements. (10 minutes)

2. Gottheimer (NJ): Requires the SEC to include a specific consideration of the unique challenges senior investors face as part of their overall investor testing. (10 minutes)

3. Wagner (MO): Applies the bill's investor testing requirements only to applicable disclosure documents developed after January 21, 2021—that is, following the next presidential election cycle. (10 minutes)

4. Maloney, Sean (NY): Clarifies that the term "retail investor" does not mean an institutional investor. (10 minutes)

SUMMARY OF THE AMENDMENTS TO H.R. 3624 IN PART C
MADE IN ORDER

1. Huizenga (MI): Exempts issuers from making these disclosures if they are required to make a CEO pay ratio disclosure or disclosures relating to conflict minerals. (10 minutes)

2. Hill, French (AR): Requires disclosure of the information under the bill only if that information is material information for investors. (10 minutes)

PART A—TEXT OF AMENDMENT TO H.R. 1815 CONSIDERED AS ADOPTED

Page 5, line 1, strike “section 2” and insert “this paragraph”.

Page 5, line 12, strike “paragraph 4(A)” and insert “paragraph (4)(A)”.

Page 5, line 13, strike “section 2” and insert “this paragraph”.

Page 5, line 17, strike “section 2” and insert “this paragraph”.

Page 5, line 21, strike “section 2” and insert “this paragraph”.

Page 8, line 13, strike “paragraph 4(A)” and insert “Section 23(a)(4) of the Securities Exchange Act of 1934”.

Page 9, line 9, strike “section 2”.

Page 9, line 12, strike “section 2”.

Page 9, line 16, strike “section 2”.

PART B—TEXT OF AMENDMENTS TO H.R. 1815 MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HUIZENGA OF MICHIGAN OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 2, line 17, after “Guides),” insert the following: “Form CRS”.

2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE GOTHEIMER OF NEW JERSEY OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 4, insert after line 8 the following:

(v) A consideration of unique challenges faced by retail investors age 65 or older.

3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE WAGNER OF MISSOURI OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 1, line 11, insert after “regulation” the following “after January 21, 2021”.

Page 7, strike line 12 and all that follows through the end.

4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE MALONEY OF NEW YORK OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 6, insert after line 5 the following:

“(H) RETAIL INVESTOR DEFINED.—For the purposes of this paragraph, the term ‘retail investor’ means any investor that is not an institutional investor.”.

PART C—TEXT OF AMENDMENTS TO H.R. 3624 MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HUIZENGA OF MICHIGAN OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 3, line 21, insert after “emerging growth company” the following: “and except as provided in paragraph (3)”.

Page 5, after line 2, insert the following:

“(3) EXCEPTION.—An issuer is not required to disclose information pursuant to paragraph (2) if such issuer is required to make disclosures pursuant to—

“(A) subsection 13(p); or

“(B) section 229.402 of title 17, Code of Federal Regulation, relating to chief executive officer pay ratios.”.

Page 5, line 3, strike “(3)” and insert “(4)”.

2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HILL OF
ARKANSAS OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 3, line 21, insert after “emerging growth company” the following: “and except as provided in paragraph (3)”.

Page 5, after line 2, insert the following:

“(3) EXCEPTION.—An issuer is not required to disclose information pursuant to paragraph (2) if such information is not material.”.

Page 5, line 3, strike “(3)” and insert “(4)”.