

119TH CONGRESS
2D SESSION

S. 3671

To amend the Investment Company Act of 1940 with respect to the authority of closed-end companies to invest in private funds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 15, 2026

Mr. DAINES (for himself and Mr. ROUNDS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Investment Company Act of 1940 with respect to the authority of closed-end companies to invest in private funds, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Increasing Investor
5 Opportunities Act”.

1 **SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN**
2 **PRIVATE FUNDS.**

3 (a) IN GENERAL.—Section 5 of the Investment Com-
4 pany Act of 1940 (15 U.S.C. 80a–5) is amended by add-
5 ing at the end the following:

6 “(d) CLOSED-END COMPANY AUTHORITY TO INVEST
7 IN PRIVATE FUNDS.—

8 “(1) IN GENERAL.—Except as otherwise pro-
9 hibited or restricted by this Act (or any rule issued
10 under this Act), the Commission may not prohibit or
11 otherwise limit a closed-end company from investing
12 any or all of the assets of the closed-end company
13 in securities issued by private funds.

14 “(2) OTHER RESTRICTIONS ON COMMISSION AU-
15 THORITY.—Except as otherwise prohibited or re-
16 stricted by this Act (or any rule issued under this
17 Act), the Commission may not impose any condition
18 on, restrict, or otherwise limit—

19 “(A) the offer to sell, or the sale of, securi-
20 ties issued by a closed-end company that in-
21 vests, or proposes to invest, in securities issued
22 by private funds; or

23 “(B) the listing of the securities of a
24 closed-end company described in subparagraph
25 (A) on a national securities exchange.

1 “(3) UNRELATED RESTRICTIONS.—The Com-
 2 mission may impose a condition on, restrict, or oth-
 3 erwise limit an activity described in paragraph (1) or
 4 subparagraph (A) or (B) of paragraph (2) if that
 5 condition, restriction, or limitation is unrelated to
 6 the underlying characteristics of a private fund or
 7 the status of a private fund as a private fund.

8 “(4) RULE OF APPLICATION.—Notwithstanding
 9 section 6(f), this subsection shall also apply to a
 10 closed-end company that elects to be treated as a
 11 business development company pursuant to section
 12 54.”.

13 (b) DEFINITION OF PRIVATE FUND.—Section 2(a) of
 14 the Investment Company Act of 1940 (15 U.S.C. 80a–
 15 2(a)) is amended by adding at the end the following:

16 “(55) The term ‘private fund’ has the meaning
 17 given the term in section 202(a) of the Investment
 18 Advisers Act of 1940 (15 U.S.C. 80b–2(a)).”.

19 (c) TREATMENT BY NATIONAL SECURITIES EX-
 20 CHANGES.—Section 6 of the Securities Exchange Act of
 21 1934 (15 U.S.C. 78f) is amended by adding at the end
 22 the following:

23 “(m) CLOSED-END COMPANIES.—

24 “(1) IN GENERAL.—Except as otherwise pro-
 25 hibited or restricted by rules of the exchange that

are consistent with section 5(d) of the Investment Company Act of 1940 (15 U.S.C. 80a-5(d)), an exchange may not prohibit, condition, restrict, or impose any other limitation on the listing or trading of the securities of a closed-end company when the closed-end company invests, or may invest, some or all of the assets of the closed-end company in securities issued by private funds.

“(2) DEFINITIONS.—In this subsection—

“(A) the term ‘closed-end company’—

“(i) has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-5(a)); and

“(ii) includes a closed-end company that elects to be treated as a business development company pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a-53); and

“(B) the term ‘private fund’ has the meaning given in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)).”.

(d) INVESTMENT LIMITATION.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(c)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), in the second sentence, by striking “subparagraphs (A)(i) and (B)(i)” and inserting “subparagraphs (A)(i), (B)(i), and (C)”;

(2) in paragraph (7)(D), by striking “subparagraphs (A)(i) and (B)(i)” and inserting “subparagraphs (A)(i), (B)(i), and (C)”.

(e) RULES OF CONSTRUCTION.—

(1) DEFINITION.—In this subsection, the term “closed-end company” has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)).

(2) RULES.—Nothing in this section, or in any amendment made by this section, may be construed to limit or amend—

(A) any fiduciary duty owed—

(i) to a closed-end company; or

(ii) by an investment adviser (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) to a closed-end company; or

(B) the valuation, liquidity, or redemption requirements or obligations of a closed-end company, as required under the Investment

1 Company Act of 1940 (15 U.S.C. 80a–1 et
2 seq.).

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