AMENDMENT TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 3383 OFFERED BY M.S. WATERS

Page 1, strike line 1 and all that follows and insert the following:

| | 1 SECTION I. SHORT TITLE. |
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| | 2 This Act may be cited as the "Increasing Investor |
| | 3 Opportunities Act". |
| | 4 SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN |
| + = = 3.2. J q | 5 PRIVATE FUNDS. |
| | 6 (a) In General.—Section 5 of the Investment Com- |
| | 7 pany Act of 1940 (15 U.S.C. 80a-5) is amended by add- |
| ng: | 8 ing at the end the following: |
| | 9 |
| | 10 IN PRIVATE FUNDS.— |
| in Thurs in | 11 Except as otherwise pro- |
| Land Land Aller | 12 hibited or restricted by this Act (or any rule issued |
| A the Section of Section Control Control of | 13 under this Act), the Commission may not prohibit or |
| enger) energy propagation common | 14 otherwise limit a closed-end company from investing |
| provide the Albania Articles | 15 any or all of the assets of the closed-end company |
| of Talende Amels. | in securities issued by private funds. |
| resident att tatio bet t | 17 "(2) Other restrictions on commission au- |
| | 18 THORITY.— |
| | |

| 1 | "(A) In GENERAL.—Except as otherwise |
|--|---|
| 2 | prohibited or restricted by this Act (or any rule |
| 3 | issued under this Act) or to the extent per- |
| 4 | mitted by subparagraph (B), the Commission |
| 5 | may not impose any condition on, restrict, or |
| 6 | otherwise limit— |
| 7 | "(i) the offer to sell, or the sale of, se- |
| 8 | curities issued by a closed-end company |
| 9 | that invests, or proposes to invest, in secu- |
| 10 | rities issued by private funds; or |
| 11 | "(ii) the listing of the securities of a |
| 12 | closed-end company described in clause (i) |
| strong securities exclar13e | on a national securities exchange. |
| [332] 3713 - 3753 14 7 | "(B) UNRELATED RESTRICTIONS.—The |
| the import of the 15 | Commission may impose a condition on, re- |
| 5-11-2- 4-10-1 Tel 1-2-11-16 | strict, or otherwise limit an activity described in |
| P - 11 - 11 - 11 - 11 - 11 - 11 - 11 - | clause (i) or (ii) of subparagraph (A) if that |
| entervious, or minimize 18 | condition, restriction, or limitation is unrelated |
| (A Commercial Section 19) | a particulate the underlying characteristics of a private |
| Targette Target | fund or the status of a private fund as a private |
| 21 | fund. |
| 14 | APPLICATION.—Notwithstanding section |
| हिंदा केमी श्रीण क्षाण 423. | 6(f), this subsection shall also apply to a closed-end |
| | company that elects to be treated as a business de- |
| 25 | velopment company pursuant to section 54.". |

| 1 | (b) Definition of Private Fund.—Section 2(a) of |
|-----------------------------------|---|
| 2 | the Investment Company Act of 1940 (15 U.S.C. 80a- |
| 3 | 2(a)) is amended by adding at the end the following: |
| 4 | "(55) The term 'private fund' means an issuer |
| 5 | that would be an investment company, but for sec- |
| 6. | tion $3(e)(1)$ or $3(e)(7)$.". |
| 7 | (c) TREATMENT BY NATIONAL SECURITIES EX- |
| 8 | CHANGES.—Section 6 of the Securities Exchange Act of |
| 9 | 1934 (15 U.S.C. 78f) is amended by adding at the end |
| 10 | the following: |
| 11 | "(m)(1) Except as otherwise prohibited or restricted |
| 12 | by rules of the exchange that are consistent with section |
| | 5(d) of the Investment Company Act of 1940 (15 U.S.C. |
| gr 1017 nei javidoki, 14 1 | 80a-5(d)), an exchange may not prohibit, condition, re- |
| - <u>were worstoon in 15</u> - | strict, 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 |
| in mingalment vermenter 180 | all of the assets of the closed-end company in securities |
| 19 | issued by private funds. |
| 20 | "(2) In this paragraph— |
| 21 | "(A) the term 'closed-end company'— |
| 11 | "(i) has the meaning given the term in sec- |
| | tion 5(a) of the Investment Company Act of |
| 24 | 1940 (15 U.S.C. 80a-5(a)); and |
| | |

| 1 | "(11) includes a closed-end company that |
|--------------------------------|---|
| 2 | elects to be treated as a business development |
| 3 | company pursuant to section 54 of the Invest- |
| 4 | ment Company Act of 1940 (15 U.S.C. 80a- |
| 5 | 53); and |
| 6 | "(B) the term 'private fund' has the meaning |
| 7 | given the term in section 2(a) of the Investment |
| 8 | Company Act of 1940 (15 U.S.C. 80a-2(a))).". |
| 9 | (d) Investment Limitation.—Section 3(c) of the |
| 10 | Investment Company Act of 1940 (15 U.S.C. 80a-3(c)) |
| 11 | is amended— |
| 12 | (1) in paragraph (1), in the matter preceding |
| n the second with 13 | subparagraph (A), in the second sentence, by strik- |
| . A de end Enter 14 | ing "subparagraphs (A)(i) and (B)(i)" and inserting |
| 11. (13.41), 41.41.(41.) 15 | "subparagraphs (A)(i), (B)(i), and (C)"; and |
| | (2) in paragraph (7)(D), by striking "subpara- |
| 15 | graphs (A)(i) and (B)(i)" and inserting "subpara- |
| 18 | graphs (A)(i), (B)(i), and (C)". |
| | SEC. 3. PARITY IN REDEMPTION AND RESALE RIGHTS FOR |
| 20 | ACCREDITED INVESTORS. |
| e lie issaer, se su 2 1 | (a) EQUAL TERMS.—An issuer, or any affiliate or |
| | third party acting on behalf of an issuer, may not offer |
| | s to sell or sell any security to an accredited investor that |
| | is not a qualified institutional buyer (as defined in Rule |
| | 5 144A under the Securities Act of 1933) on terms that pro- |
| | |

| 1 | vide such investor with resale, redemption, or other liquid- |
|--|--|
| 2 | ity rights that are more favorable than the terms provided |
| 3 | to any other investor in the same class of securities. |
| 4 | (b) Commission Rulemaking.—Not later than 180 |
| 5 | days after the date of enactment of this Act, the Securities |
| 6 | and Exchange Commission shall issue rules to carry out |
| 7 | subsection (a). |
| 8 | SEC. 4. FAIR VALUATION REQUIREMENTS FOR FUNDS OF- |
| 9 | FERED BY REGISTERED INVESTMENT ADVIS- |
| 10 | ERS. |
| 11 | (a) AMENDMENT TO THE INVESTMENT ADVISERS |
| 12 | ACT OF 1940.—Section 206 of the Investment Advisers |
| (., :::::::::::::::::::::::::::::::::::: | Act of 1940 (15 U.S.C. 80b-6) is amended by adding at |
| ew subsection: 14 | the end the following new subsection: |
| 15. | "(d) Fair Value Obligations for Certain Pri- |
| 16 | VATE FUNDS.—With respect to any pooled investment ve- |
| <u> </u> | hicle advised by an investment adviser that— |
| อ. อนุลรายาเทษสำ รักษณะรักษาใช้ | "(1) is not a registered investment company, |
| 19 | and |
| - cur or many investor 201 | includes one or more investors that are not |
| 21 | qualified institutional buyers, |
| · while, any communi 22. | the investment adviser shall, in any communication of the |
| 23. | value of such vehicle or its portfolio holdings to investors |
| | or prospective investors, determine the fair value of each |
| 25 | security that is not traded on an established securities |

- 1 market in accordance with section 2(a)(41) of the Invest-
- 2 ment Company Act of 1940 (15 U.S.C. 80a 2(a)(41)) and
- 3 any rules issued thereunder.".
- 4 (b) Rulemaking.—The Commission shall adopt
- 5 such rules as are necessary to implement subsection (a),
- 6 which shall, to the greatest extent practicable, align valu-
- 7 ation practices for such funds with the requirements appli-
- 8 cable to registered investment companies under Rule 2a-
- 9 5 (17 CFR 270.2a-5).
- 10 SEC. 5. RULES OF CONSTRUCTION.
- 11 (a) Nothing in this Act or the amendments made by
- 12 this Act may be construed to limit or amend any fiduciary
- -control to the section and the section of the sect
- 14 5(a)(2) of the Investment Company Act of 1940 (15
- 15 U.S.C. 80a-5(a)(2))) or by an investment adviser (as de-
- 16 fined under section 2(a) of the Investment Company Act
- 17 of 1940 (15 U.S.C. 80a-2(a))) to a closed-end company.
- Nothing in this Act or the amendments made by
- 19 this Act may be construed to limit or amend the valuation,
 - 20 liquidity, or redemption requirements or obligations of a
- 21 closed-end company (as defined in section 5(a)(2) of the
 - 22 Investment Company Act of 1940 (15 U.S.C. 80a-
 - 23.5(a)(2))) as required by the Investment Company Act of
 - 24 1940.