

116TH CONGRESS 1ST SESSION

H. R. 3050

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.

IN THE HOUSE OF REPRESENTATIVES

May 30, 2019

Mr. Steil introduced the following bill; which was referred to the Committee on Financial Services

A BILL

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,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Expanding Investment
- 5 in Small Businesses Act of 2019".

1 SEC. 2. SEC STUDY.

- 2 (a) In General.—The Securities and Exchange
- 3 Commission shall carry out a study of the 10 per centum
- 4 threshold limitation applicable to the definition of a diver-
- 5 sified company under section 5(b)(1) of the Investment
- 6 Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and deter-
- 7 mine whether such threshold limits capital formation.
- 8 (b) Considerations.—In carrying out the study re-
- 9 quired under subsection (a), the Commission shall con-
- 10 sider the following:
- 11 (1) The size and number of diversified compa-
- nies that are currently restricted in their ability to
- own more than 10 percent of the voting shares in an
- individual company.
- 15 (2) If investing preferences of diversified com-
- panies have shifted away from companies with small-
- 17 er market capitalizations.
- 18 (3) The expected increase in the availability of
- capital to small and emerging growth companies if
- the threshold is increased.
- 21 (4) The ability of registered funds to manage li-
- 22 quidity risk.
- 23 (5) Any other consideration that the Commis-
- sion considers necessary and appropriate for the pro-
- 25 tection of investors.

1	(c) Solicitation of Public Comments.—In car-
2	rying out the study required under subsection (a), the
3	Commission may solicit public comments.
4	(d) Report.—Not later than the end of the 180-day
5	period beginning on the date of enactment of this Act, the
6	Commission shall issue a report to the Congress, and
7	make such report publicly available on the website of the
8	Commission, containing—
9	(1) all findings and determinations made in car-
10	rying out the study required under subsection (a)
11	and
12	(2) any legislative recommendations of the
13	Commission, including any recommendation to up-
14	date the 10 per centum threshold.

 \bigcirc