To encourage more companies to go public, improve the private capital markets, and enhance investment opportunities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

introduced the following bill; which was read twice
and referred to the Committee on

A BILL

To encourage more companies to go public, improve the private capital markets, and enhance investment opportunities, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Jumpstart our Business Startups Act of 2022”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definition.

TITLE I—ENCOURAGING COMPANIES TO BE PUBLICLY TRADED

Sec. 101. Study on IPO fees.
Sec. 102. Definition of emerging growth company.
Sec. 103. Material disclosure improvements.
Sec. 104. Semiannual reports.
Sec. 105. Restoring shareholder transparency.
Sec. 106. Definition of investment adviser.
Sec. 107. Venture exchanges.
Sec. 108. Intelligent tick study.

TITLE II—IMPROVING THE MARKET FOR PRIVATE CAPITAL

Sec. 201. Access to capital for rural-area small businesses.
Sec. 202. Investment companies.
Sec. 203. Regulatory definition of venture capital fund.
Sec. 204. Micro-offering exemption.
Sec. 205. Unlocking capital for small businesses.
Sec. 206. Registration exemption for merger and acquisition brokers.

TITLE III—ENHANCING RETAIL INVESTOR ACCESS TO INVESTMENT OPPORTUNITIES

Sec. 301. Exemption.
Sec. 302. Amendments to acquired fund fees and expenses reporting on investment company registration statements.
Sec. 303. Extension of Rule 701.
Sec. 304. Closed-end company authority to invest in private funds.
Sec. 305. Crowdfunding revisions.
Sec. 306. Equal opportunity for all investors.
Sec. 307. Exemption from State regulation of securities.
Sec. 308. Retirement savings modernization.

TITLE IV—IMPROVING REGULATORY OVERSIGHT

Sec. 401. Studies, reports, and rules regarding small entities.
Sec. 402. Increasing opportunities for retail investors.
Sec. 403. Tracking bad actors.
Sec. 404. Personally identifiable information excluded from consolidated audit trail reporting requirements.
Sec. 405. Removal of administrative proceedings.
Sec. 406. Parity for registered index-linked annuities regarding registration rules.
Sec. 407. Stress test relief for nonbanks.

1 SEC. 2. DEFINITION.

2 In this Act, the term “Commission” means the Securities and Exchange Commission.
TITLE I—ENCOURAGING COMPANIES TO BE PUBLICLY TRADED

SEC. 101. STUDY ON IPO FEES.

(a) DEFINITIONS.—In this section:

(1) IPO.—The term “IPO” means an initial public offering.

(2) SMALL- AND MEDIUM-SIZED COMPANY.—The term “small- and medium-sized company” means an issuer with an initial public float determination of less than $700,000,000.

(b) STUDY.—The Commission, in consultation with the Financial Industry Regulatory Authority, shall carry out a study of the costs associated with small- and medium-sized companies to undertake IPOs and Tier 2 offerings, as defined in section 230.251 of title 17, Code of Federal Regulations. In carrying out such study, the Commission shall—

(1) consider the direct and indirect costs of an IPO, including—

(A) fees, such as gross spreads paid to underwriters, IPO advisors, and other professionals;

(B) compliance with Federal and State securities laws at the time of the IPO; and
(C) such other IPO-related costs as the
Commission determines appropriate;

(2) compare and analyze the costs of an IPO
with the costs of obtaining alternative sources of fi-
nancing and of liquidity;

(3) consider the impact of such costs on capital
formation;

(4) analyze the impact of those costs on the
availability of public securities of small- and me-
dium-sized companies to retail investors; and

(5) analyze trends in IPOs over a time period
the Commission determines is appropriate to analyze
IPO pricing practices, considering—

(A) the number of IPOs;

(B) how costs for IPOs have evolved over
time, including fees paid to underwriters, in-
vestment advisory firms, and other professions
for services in connection with an IPO;

(C) the number of brokers and dealers ac-
tive in underwriting IPOs;

(D) the different types of services that un-
derwriters and related persons provide before
and after a small- or medium-sized company
IPO and the factors impacting underwriting
costs;
(E) changes in the costs and availability of investment research for small- and medium-sized companies; and

(F) any other consideration the Commission considers necessary and appropriate.

(c) Report.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to Congress a report containing all findings and determinations made in carrying out the study required under subsection (b) and any administrative or legislative recommendations the Commission may have.

SEC. 102. DEFINITION OF EMERGING GROWTH COMPANY.

(a) Definitions.—


(2) Securities Exchange Act of 1934.—Subparagraph (B) of the first paragraph (80) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) (relating to emerging growth companies) is amended by striking “fifth” and inserting “tenth”.

(b) Rulemaking.—
(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Commis-

sion shall issue an interim final rule carrying out the amendments made by subsection (a).

(2) DEFINITIONS.—In amending the definition of emerging growth company, as required under paragraph (1), the Commission shall not make or so-
llicit feedback on alterations to the definition of emerging growth company to narrow the definition or increase the regulatory obligations of, or restric-
tions on, emerging growth companies.

SEC. 103. MATERIAL DISCLOSURE IMPROVEMENTS.

(a) STRIKING OF PROVISIONS OF THE INVESTOR PROTECTION AND SECURITIES REFORM ACT OF 2010.—

(1) IN GENERAL.—Section 953 of the Investor Protection and Securities Reform Act of 2010 (Pub-
lic Law 111–103; 124 Stat. 1903) is amended—

(A) in subsection (a), by striking “DISCLOSURE OF PAY VERSUS PERFORMANCE.—” ; and

(B) by striking subsection (b).

(2) RULES.—The Commission shall repeal any rule, including any amendment to any rule of the Commission, issued under section 953(b) of the In-

vestor Protection and Securities Reform Act of 2010
(15 U.S.C. 78l note), as in effect as of the day before the date of enactment of this Act.

(3) Prohibition on substantially similar rules.—The Commission may not promulgate any rule that is substantially similar to a rule that is repealed under paragraph (2).

(b) Striking of Sections of Title XV of the Dodd-Frank Wall Street Reform and Consumer Protection Act.—

(1) Dodd-Frank Wall Street Reform and Consumer Protection Act.—Title XV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) is amended—

(A) by striking section 1502 (15 U.S.C. 78m note);

(B) by striking section 1503 (15 U.S.C. 78m–2); and

(C) by striking section 1504.


(A) by striking subsections (p) and (q); and

(B) by redesignating subsection (r) as subsection (p).
(3) REPEAL OF RULES ISSUED UNDER APPLICABLE PROVISIONS.—The Commission shall repeal any rule, including any amendment to any rule of the Commission, issued under—

(A) section 1502, 1503, or 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203), as in effect as of the day before the date of enactment of this Act; or

(B) subsection (p) or (q) of section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as in effect as of the day before the date of enactment of this Act.

(4) PROHIBITION ON SUBSTANTIALLY SIMILAR RULES.—The Commission may not promulgate any rule that is substantially similar to a rule that is repealed under paragraph (3).

(5) CLERICAL AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the items relating to sections 1502, 1503, and 1504.
SEC. 104. SEMIANNUAL REPORTS.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by section 103(b)(2), is amended by adding at the end the following:

“(q) Issuer Election.—With respect to any report that, under this section, or under a rule issued under this section, an issuer is required to file on a quarterly basis, the issuer may elect to instead file the report on a semi-annual basis.”.

SEC. 105. RESTORING SHAREHOLDER TRANSPARENCY.

(a) Proxies.—Section 14(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78n(a)) is amended by adding at the end the following:

“(3) For the purposes of this subsection, soliciting any proxy or consent or authorization in respect of a security—

“(A) includes the furnishing of a form of proxy or other communication to a holder of the security under circumstances reasonably calculated to result in the procurement, withholding, or revocation of a proxy, including any proxy voting advice that—

“(i) makes a recommendation to the security holder as to the vote, consent, or authorization of the security holder on a specific matter for which the approval of the security holder is solicited; and
“(ii) is furnished by a person that—

“(I) markets the expertise of the person as a provider of such proxy voting advice, separately from other forms of investment advice; and

“(II) sells such proxy voting advice for a fee; and

“(B) does not include the furnishing of any proxy voting advice by a person that furnishes such advice only in response to an unprompted request.”.

(b) Shareholder Proposals.—


(A) in section 6(b) (15 U.S.C. 78f(b)), by adding at the end the following:

“(11) The rules of the exchange do not require an issuer to be in compliance with section 240.14a–8 of title 17, Code of Federal Regulations, or any successor regulation, as a condition of having a security of the issuer listed on the exchange.”; and

(B) in section 14 (15 U.S.C. 78n), by adding at the end the following:

“(k) Shareholder Proposals.—Notwithstanding any other provision of law or regulation, beginning on the date of enactment of this subsection, no issuer shall be
subject to the requirements of section 240.14a–8 of title 17, Code of Federal Regulations, or any successor regulation, unless the issuer agrees to be subject to those requirements.”.

(2) BASES FOR EXCLUSION.—Not later than 1 year after the date of enactment of this Act, the Commission shall amend section 240.14a–8(i) of title 17, Code of Federal Regulations, or any successor regulation, to provide that all of the bases for exclusion of a proposal under that provision shall apply without regard to whether the proposal relates to a significant social policy issue.

(3) MARKET VALUE.—Not later than 30 days after the date of enactment of this Act, the Commission shall amend section 240.14a–8(b)(1) of title 17, Code of Federal Regulations, or any successor regulation—

(A) by amending clause (i) to read as follows: “(i) You must hold at least 1 percent of the market value of the company’s securities.”;

and

(B) by striking clause (vi).

SEC. 106. DEFINITION OF INVESTMENT ADVISER.

“or (H)” and inserting “(H) any broker or dealer who provides research services to an investment manager and accepts payment for those services from the investment manager’s own money, from a research payment account funded with money from a client of the investment manager, or a combination thereof, provided that the payment method of the investment manager is subject to, either directly or by contractual obligation, the Directive 2014/65/EU of the European Parliament, the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as implemented by the European Union member states, or any other law from any foreign jurisdiction that is substantially similar to that directive and the implementing rules and regulations of that directive; or (I)”.

SEC. 107. VENTURE EXCHANGES.

(a) Securities Exchange Act of 1934.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

“(m) VENTURE EXCHANGE.—

“(1) DEFINITIONS.—In this subsection:

“(A) EARLY-STAGE, GROWTH COMPANY.—

“(i) IN GENERAL.—The term ‘early-stage, growth company’ means an issuer—
“(I) that has not made any registered initial public offering of any securities of the issuer; and

“(II) with a public float of not more than the value of public float required to qualify as a large accelerated filer under section 240.12b–2 of title 17, Code of Federal Regulations, or any successor regulation.

“(ii) Treatment when public float exceeds threshold.—An issuer shall not cease to be an early-stage, growth company by reason of the public float of the issuer exceeding the threshold specified in clause (i)(II) until the later of—

“(I) the end of the period of 24 consecutive months during which the public float of the issuer exceeds $2,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting
the threshold to the nearest $1,000,000); and

“(II) the end of the 1-year period following the end of the 24-month period described in subclause (I), if the issuer requests the 1-year extension from a venture exchange and the venture exchange elects to provide that extension.

“(B) Public float.—With respect to an issuer, the term ‘public float’ means the aggregate worldwide market value of the voting and non-voting common equity of the issuer held by non-affiliates.

“(C) Venture security.—

“(i) In general.—The term ‘venture security’ means—

“(I) a security of an early-stage, growth company that is exempt from registration pursuant to section 3(b) of the Securities Act of 1933 (15 U.S.C. 77c(b));

“(II) a security of an emerging growth company; or
“(III) a security registered under section 12(b) and listed on a venture exchange (or, prior to listing on a venture exchange, listed on a national securities exchange) where—

“(aa) the issuer of the security has a public float that is not more than the value of public float required to qualify as a large accelerated filer under section 240.12b–2 of title 17, Code of Federal Regulations, or any successor regulation; or

“(bb) the average daily trade volume is not more than 75,000 shares during a continuous 60-day period.

“(ii) Treatment when public float exceeds threshold.—A security shall not cease to be a venture security by reason of the public float of the issuer of the security exceeding the threshold specified in clause (i)(III)(aa) until the later of—
“(I) the end of the period of 24 consecutive months beginning on the date on which—

“(aa) the public float of the issuer exceeds $2,000,000,000; and

“(bb) the average daily trade volume of the security is not less than 100,000 shares during a continuous 60-day period; and

“(II) the end of the 1-year period following the end of the 24-month period described in subclause (I), if the issuer of the security requests the 1-year extension from a venture exchange and the venture exchange elects to provide that extension.

“(2) Registration.—

“(A) In general.—A person may register (and a national securities exchange may register a listing tier of the exchange) as a national securities exchange solely for the purpose of trading venture securities by filing an application with the Commission pursuant to sub-
section (a) and the rules and regulations thereunder.

“(B) Publication of notice.—The Commission shall, upon the filing of an application under subparagraph (A), publish notice of the filing and afford interested persons an opportunity to submit written data, views, and arguments concerning the application.

“(C) Approval or denial.—

“(i) In general.—Not later than 90 days after the date on which a notice is published under subparagraph (B), or within such longer period as to which the applicant consents, the Commission shall—

“(I) by order grant the registration; or

“(II) institute a denial proceeding under clause (ii) to determine whether registration should be denied.

“(ii) Denial proceeding.—

“(I) In general.—A proceeding under clause (i)(II) shall—

“(aa) include notice of the grounds for denial under consid-
eration and opportunity for hear-
ing; and

“(bb) be concluded not later
than 180 days after the date on
which the notice is published
under subparagraph (B).

“(II) ORDER.—At the conclusion
of a proceeding under clause (i)(II),
the Commission shall by order grant
or deny the registration.

“(III) EXTENSION.—The Com-
mission may extend the time for con-
clusion of a proceeding under clause
(i)(II) for a period of not more than
90 days if the Commission—

“(aa) finds good cause for
the extension; and

“(bb) publishes the reasons
for the finding described in item
(aa) or for such longer period as
to which the applicant consents.

“(iii) CRITERIA FOR APPROVAL OR
DENIAL.—The Commission shall—

“(I) grant a registration under
this paragraph if the Commission
finds that the requirements of this Act and the rules and regulations thereunder with respect to the applicant are satisfied; and

“(II) deny a registration under this paragraph if the Commission does not make the finding described in sub clause (I).

“(3) POWERS AND RESTRICTIONS.—In addition to the powers and restrictions otherwise applicable to a national securities exchange, a venture exchange—

“(A) may only constitute, maintain, or provide a market place or facilities for bringing together purchasers and sellers of venture securities;

“(B) may not extend unlisted trading privileges to any venture security;

“(C) may only, if the venture exchange is a listing tier of another national securities exchange, allow trading in securities that are registered under section 12(b) on a national securities exchange other than a venture exchange; and
“(D) may, subject to the rule filing process under section 19(b)—

“(i) determine the increment to be used for quoting and trading venture securities on the exchange; and

“(ii) choose to carry out periodic auctions for the sale of a venture security instead of providing continuous trading of the venture security.

“(4) Treatment of Certain Exempted Securities.—A security that is exempt from registration pursuant to section 3(b) of the Securities Act of 1933 (15 U.S.C. 77c(b)) shall be exempt from section 12(a) of this Act to the extent the security is traded on a venture exchange, if the issuer of the security is in compliance with—

“(A) all disclosure obligations of such section 3(b) and the regulations issued under such section; and

“(B) ongoing disclosure obligations of the applicable venture exchange that are similar to those provided by an issuer under tier 2, as described in sections 230.251 through 230.263 of title 17, Code of Federal Regulations, or any successor regulations.
"(5) Venture securities traded on venture exchanges may not trade on non-venture exchanges.—A venture security may not be traded on a national securities exchange that is not a venture exchange during any period in which the venture security is being traded on a venture exchange.

"(6) Commission authority to limit certain trading.—The Commission may limit transactions in venture securities that are not effected on a national securities exchange as appropriate to promote efficiency, competition, and capital formation, and to protect investors.

"(7) Disclosures to investors.—The Commission shall issue regulations to ensure that persons selling or purchasing venture securities on a venture exchange are provided disclosures sufficient to understand—

"(A) the characteristics unique to venture securities; and

"(B) in the case of a venture exchange that is a listing tier of another national securities exchange, that the venture exchange is distinct from the other national securities exchange.
“(8) Rule of Construction.—Nothing in this subsection may be construed as requiring transactions in venture securities to be effected on a national securities exchange.”.

(b) Securities Act of 1933.—Section 18 of the Securities Act of 1933 (15 U.S.C. 77r) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

“(d) Treatment of Securities Listed on a Venture Exchange.—Notwithstanding subsection (b), a security is not a covered security pursuant to subsection (b)(1)(A) if the security is only listed, or authorized for listing, on a venture exchange under section 6(m) of the Securities Exchange Act of 1934 (15 U.S.C. 78f(m)).”.

(c) Sense of Congress.—It is the sense of Congress that the Commission should—

(1) when necessary or appropriate in the public interest and consistent with the protection of investors, make use of the general exemptive authority of the Commission under section 36 of the Securities Exchange Act of 1934 (15 U.S.C. 78mm) with respect to the provisions added by the amendments made by this section; and
(2) if the Commission determines appropriate, create an Office of Venture Exchanges within the Division of Trading and Markets of the Commission.

(d) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall be construed to impair or limit the construction of the anti-fraud provisions of the securities laws, as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)), or the authority of the Commission under those provisions.

(e) EFFECTIVE DATE FOR TIERS OF EXISTING NATIONAL SECURITIES EXCHANGES.—In the case of a securities exchange that is registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) on the date of enactment of this Act, any election for a listing tier of that exchange to be treated as a venture exchange under subsection (m) of such section, as added by subsection (a) of this section, shall not take effect before the date that is 180 days after such date of enactment.

SEC. 108. INTELLIGENT TICK STUDY.

(a) TICK SIZES.—Section 11A(e)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78k–1(e)(6)) is amended to read as follows:
“(6) **Tick Size.**—If the Commission determines that the securities of emerging growth companies should be quoted and traded using a minimum increment of greater than $0.01, the Commission may, by rule, designate a minimum increment for the securities of emerging growth companies that is greater than $0.01 but not more than $0.25 for use in all quoting and trading of securities in any exchange or other venue.”.

(b) **Report.**—

(1) **Definition of Security.**—In this subsection, the term “security” has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(2) **Report.**—Not later than 1 year after the date of enactment of this Act, the Commission shall conduct a study and submit to Congress a report that examines—

(A) the transition to trading and quoting securities in increments other than $0.01, which includes increments higher and lower than $0.01;

(B) the impact that the change described in subparagraph (A) has had on liquidity and market quality for small, middle, and large capitalization company securities; and
(C) whether there is sufficient economic incentive to support trading operations in the securities described in subparagraph (B) in increments other than $0.01.

**TITLE II—IMPROVING THE MARKET FOR PRIVATE CAPITAL**

**SEC. 201. ACCESS TO CAPITAL FOR RURAL-AREA SMALL BUSINESSES.**


(1) in paragraph (4)(C), by inserting “rural-area small businesses,” after “women-owned small businesses,”; and

(2) in paragraph (6)(B)(iii), by inserting “rural-area small businesses,” after “women-owned small businesses,”.

**SEC. 202. INVESTMENT COMPANIES.**

Section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

(1) in the matter preceding subparagraph (A), in the first sentence, by striking “250 persons” and inserting “500 persons”; and

(2) in subparagraph (C)(i), by striking “$10,000,000” and inserting “$50,000,000”.
SEC. 203. REGULATORY DEFINITION OF VENTURE CAPITAL FUND.

Not later than 180 days after the date of enactment of this Act, the Commission shall—

(1) revise the definition of a qualifying investment under paragraph (c) of section 275.203(l)–1 of title 17, Code of Federal Regulations—

(A) to include an equity security issued by a qualifying portfolio company, whether acquired directly from the company or in a secondary acquisition; and

(B) to specify that an investment in another venture capital fund is a qualifying investment under that definition; and

(2) revise paragraph (a) of section 275.203(l)–1 of title 17, Code of Federal Regulations, to require, as a condition of a private fund qualifying as a venture capital fund under that paragraph, that the qualifying investments of the private fund are—

(A) predominantly qualifying investments that were acquired directly from a qualifying portfolio company; or

(B) predominantly qualifying investments in another venture capital fund or other venture capital funds.
SEC. 204. MICRO-OFFERING EXEMPTION.

(a) In General.—Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended—

(1) in subsection (a), by adding at the end the following:

“(8) transactions meeting the requirements of subsection (f).”; and

(2) by adding at the end the following:

“(f) Micro-Offerings.—

“(1) In General.—The transactions referred to in subsection (a)(8) are transactions involving the sale of securities by an issuer (including all entities controlled by or under common control with the issuer) where the aggregate amount of all securities sold by the issuer, including any amount sold in reliance on the exemption provided under subsection (a)(8), during the 12-month period preceding such transaction, does not exceed $500,000.

“(2) Adjustment.—The dollar amount in paragraph (1) shall be adjusted by the Commission not less frequently than once every 5 years and at the same time as the adjustments made under section 4A(h), by notice published in the Federal Register to reflect any change in the Consumer Price Index for All Urban Consumers published by the
Bureau of Labor Statistics, setting the threshold to
the nearest 10,000.

“(3) Bad Actor Prohibition.—The exemption under this subsection shall not apply to any per-
son subject to—

“(A) an event that would disqualify an
issuer or other covered person under section
230.506(d)(1) of title 17, Code of Federal Reg-
ulations, or any successor regulation; or

“(B) a statutory disqualification, as de-
defined in section 3(a) of the Securities Exchange
Act of 1934 (15 U.S.C. 78c(a)).”.

(b) Exemption Under State Regulations.—Sec-
tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.
77r(b)(4)) is amended—

(1) in subparagraph (F), by striking “or” at
the end;

(2) in subparagraph (G), by striking the period
and inserting “; or”; and

(3) by adding at the end the following:

“(H) section 4(a)(8).”.

Sec. 205. Unlocking Capital for Small Businesses.

(a) Safe Harbors for Private Placement Bro-
kers and Finders.—
(1) IN GENERAL.—Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following:

“(p) PRIVATE PLACEMENT BROKER SAFE HARBOR.—

“(1) REGISTRATION REQUIREMENTS.—Not later than 270 days after the date of enactment of this subsection, the Commission shall promulgate regulations with respect to private placement brokers that are no more stringent than those imposed on funding portals. Not later than 270 days after the publication of the proposed regulations in the Federal Register, the Commission shall promulgate final rules.

“(2) NATIONAL SECURITIES ASSOCIATIONS.—Not later than 270 days after the date of enactment of this subsection, the Commission shall promulgate regulations that require the rules of any national securities association to allow a private placement broker to become a member of such national securities association subject to reduced membership requirements consistent with this subsection. Not later than 270 days after the publication of the proposed regulations in the Federal Register, the Commission shall promulgate final rules.
“(3) DISCLOSURES REQUIRED.—Before the consummation of a transaction effecting a private placement, a private placement broker shall disclose clearly and conspicuously, in writing, to all parties to the transaction as a result of the broker’s activities—

“(A) that the broker is acting as a private placement broker;

“(B) the amount of any compensation or anticipated compensation for services rendered as a private placement broker in connection with such transaction;

“(C) the person to whom any such compensation is made;

“(D) any beneficial interest in the issuer, direct or indirect, of the private placement broker, of a member of the immediate family of the private placement broker, of an associated person of the private placement broker, or of a member of the immediate family of such associated person.

“(4) PRIVATE PLACEMENT BROKER DEFINED.—In this subsection, the term ‘private placement broker’ means a person that—
“(A) receives transaction-based compensation—

“(i) for effecting a transaction by—

“(I) introducing an issuer of securities and a buyer of such securities in connection with the sale of a business effected as the sale of securities; or

“(II) introducing an issuer of securities and a buyer of such securities in connection with the placement of securities in transactions that are exempt from registration requirements under the Securities Act of 1933 (15 U.S.C. 77a et seq.); and

“(ii) that is not with respect to—

“(I) a class of publicly traded securities;

“(II) the securities of an investment company (as defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3)); or

“(III) a variable or equity-indexed annuity or other variable or equity-indexed life insurance product;
“(B) with respect to a transaction for which such transaction-based compensation is received—

“(i) does not handle or take possession of the funds or securities; and

“(ii) does not engage in an activity that requires registration as an investment adviser under State or Federal law; and

“(C) is not a finder, as defined in subsection (q).

“(q) Finder Safe Harbor.—

“(1) Nonregistration.—A finder is exempt from the registration requirements of this Act.

“(2) National Securities Associations.—A finder shall not be required to become a member of any national securities association.

“(3) Finder Defined.—In this subsection, the term ‘finder’ means a person described in subparagraphs (A) and (B) of subsection (p)(4) that—

“(A) receives transaction-based compensation of not more than $500,000 in any calendar year;

“(B) receives transaction-based compensation in connection with transactions that result
in a single issuer selling securities valued at not more than $15,000,000 in any calendar year;

“(C) receives transaction-based compensation in connection with transactions that result in any combination of issuers selling securities valued at not more than $30,000,000 in any calendar year; or

“(D) receives transaction-based compensation in connection with fewer than 16 transactions that are not part of the same offering or are otherwise unrelated in any calendar year.

“(4) ADJUSTMENT FOR INFLATION.—The amounts described in paragraph (3) shall be increased each year by an amount equal to the percentage increase, if any, in the Consumer Price Index, as determined by the Department of Labor or its successor.”.

(2) VALIDITY OF CONTRACTS WITH REGISTERED PRIVATE PLACEMENT BROKERS AND FINDERS.—Section 29 of the Securities Exchange Act (15 U.S.C. 78cc) is amended by adding at the end the following:

“(d) Subsection (b) shall not apply to a contract made for a transaction if—
“(1) the transaction is one in which the issuer engaged the services of a broker or dealer that is not registered under this Act with respect to such transaction;

“(2) such issuer received a self-certification from such broker or dealer certifying that such broker or dealer is a registered private placement broker under section 15(p) or a finder under section 15(q); and

“(3) the issuer either did not know that such self-certification was false or did not have a reasonable basis to believe that such self-certification was false.”.

(3) REMOVAL OF PRIVATE PLACEMENT BROKERS FROM DEFINITIONS OF BROKER.—

(A) RECORDS AND REPORTS ON MONETARY INSTRUMENTS TRANSACTIONS.—Section 5312 of title 31, United States Code, is amended in subsection (a)(2)(G) by inserting “with the exception of a private placement broker, as defined in section 15(p)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(p)(4))” before the semicolon at the end.

(B) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(4) of the Securities Ex-
change Act of 1934 (15 U.S.C. 78c(a)(4)) is amended by adding at the end the following:

“(G) PRIVATE PLACEMENT BROKERS.—A private placement broker, as defined in section 15(p)(4), is not a broker for the purposes of this Act.”.

(b) LIMITATIONS ON STATE LAW.—Section 15(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(i)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and
(2) by inserting after paragraph (2) the following:

“(3) PRIVATE PLACEMENT BROKERS AND FINDERS.—

“(A) IN GENERAL.—No State or political subdivision thereof may enforce any law, rule, regulation, or other administrative action that imposes greater registration, audit, financial recordkeeping, or reporting requirements on a private placement broker or finder than those that are required under subsections (p) and (q), respectively.

“(B) DEFINITION OF STATE.—For purposes of this paragraph, the term ‘State’ in—
includes the District of Columbia and each territory of the United States.”.

SEC. 206. REGISTRATION EXEMPTION FOR MERGER AND ACQUISITION BROKERS.

(a) In General.—Section 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)) is amended by adding at the end the following:

“(13) Registration exemption for merger and acquisition brokers.—

“(A) Definitions.—In this paragraph:

“(i) Business combination related shell company.—The term ‘business combination related shell company’ means a shell company that is formed by an entity that is not a shell company solely for the purpose of—

“(I) changing the corporate domicile of that entity solely within the United States; or

“(II) completing a business combination transaction (as defined in section 230.165(f) of title 17, Code of Federal Regulations, or any successor regulation) among not less than 1 en-
tity other than the company itself, none of which is a shell company.

“(ii) Control.—

“(I) In General.—The term ‘control’ means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise.

“(II) Presumption.—For the purposes of subclause (I), there shall be a presumption of control if, upon completion of a transaction, a buyer or group of buyers—

“(aa) has the right to vote 25 percent or more of a class of voting securities or the power to sell or direct the sale of 25 percent or more of a class of voting securities; or

“(bb) in the case of a partnership or limited liability company, has the right to receive upon dissolution, or has contrib-
uted, 25 percent or more of the capital.

“(iii) **Eligible privately held company**.—The term ‘eligible privately held company’ means a privately held company that meets both of the following conditions:

“(I) The company does not have any class of securities—

“(aa) registered, or required to be registered, with the Commission under section 12; or

“(bb) with respect to which the company files, or is required to file, periodic information, documents, and reports under subsection (d).

“(II)(aa) In the fiscal year ending immediately before the fiscal year in which the services of an M&A broker are initially engaged with respect to a securities transaction, the company meets either of the following conditions (determined in accordance
with the historical financial accounting records of the company):

“(AA) The earnings of the company before interest, taxes, depreciation, and amortization are less than $25,000,000.

“(BB) The gross revenues of the company are less than $250,000,000.

“(bb) For purposes of this subclause, the Commission may, by rule, modify the dollar figures in subitem (AA) or (BB) of item (aa) if the Commission determines that such a modification is necessary or appropriate in the public interest or for the protection of investors.

“(iv) M&A BROKER.—The term ‘M&A broker’ means a broker, and any person associated with a broker, engaged in the business of effecting securities transactions solely in connection with the transfer of ownership of an eligible privately held company, regardless of whether the broker acts on behalf of a seller or buyer, through the
purchase, sale, exchange, issuance, repurchase, or redemption of, or a business combination involving, securities or assets of the eligible privately held company, if the broker reasonably believes that—

“(I) upon consummation of the transaction, any person acquiring securities or assets of the eligible privately held company, acting alone or in concert—

“(aa) will control the eligible privately held company or the business conducted with the assets of the eligible privately held company; and

“(bb) directly or indirectly, will be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company, including without limitation, by—

“(AA) electing executive officers;
“(BB) approving the annual budget;

“(CC) serving as an executive or other executive manager; or

“(DD) carrying out such other activities as the Commission may, by rule, determine to be in the public interest; and

“(II) if any person is offered securities in exchange for securities or assets of the eligible privately held company, that person will, before becoming legally bound to consummate the transaction, receive or have reasonable access to—

“(aa) the most recent fiscal year-end financial statements of the issuer of the securities, as customarily prepared by the management of the issuer in the normal course of operations; and
“(bb) if the financial statements of the issuer are audited, reviewed, or compiled—

“(AA) any related statement by the independent accountant;

“(BB) a balance sheet dated not more than 120 days before the date of the offer; and

“(CC) information pertaining to the management, business, results of operations for the period covered by the foregoing financial statements and material loss contingencies of the issuer.

“(v) SHELL COMPANY.—The term ‘shell company’ means a company that, as of the date of a transaction with an eligible privately held company—

“(I) has no or nominal operations; and

“(II) has—

“(aa) no or nominal assets;
“(bb) assets consisting solely of cash and cash equivalents; or
“(cc) assets consisting of any amount of cash and cash equivalents and nominal other assets.

“(B) EXEMPTION.—Except as provided in subparagraphs (C) and (D), an M&A broker shall be exempt from registration under this section.

“(C) EXCLUDED ACTIVITIES.—An M&A broker is not exempt from registration under subparagraph (B) if the M&A broker does any of the following:

“(i) Directly or indirectly, in connection with the transfer of ownership of an eligible privately held company, receives, holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction.

“(ii) Engages on behalf of an issuer in a public offering of any class of securities—
“(I) that is registered, or is required to be registered, with the Commission under section 12; or

“(II) with respect to which the issuer files, or is required to file, periodic information, documents, and reports under subsection (d).

“(iii) Engages on behalf of any party in a transaction involving a shell company, other than a business combination related shell company.

“(iv) Directly, or indirectly through any of its affiliates, provides financing relating to the transfer of ownership of an eligible privately held company.

“(v) Assists any party to obtain financing from an unaffiliated third party without—

“(I) complying with all other applicable laws in connection with such assistance, including, if applicable, part 220 of title 12, Code of Federal Regulations, or any successor regulations; and
“(II) disclosing any compensation in writing to the party.

“(vi) Represents both the buyer and the seller in the same transaction without—

“(I) providing clear written disclosure with respect to the parties the broker represents; and

“(II) obtaining written consent from both parties to the joint representation.

“(vii) Facilitates a transaction with a group of buyers formed with the assistance of the M&A broker to acquire the eligible privately held company.

“(viii) Engages in a transaction involving the transfer of ownership of an eligible privately held company to a passive buyer or group of passive buyers.

“(ix) Binds a party to a transfer of ownership of an eligible privately held company.

“(D) DISQUALIFICATION.—An M&A broker is not exempt from registration under subparagraph (B) if the M&A broker (and, as
applicable, any officer, director, member, manager, partner, or employee of the M&A broker)—

“(i) has been barred from association with a broker or dealer by the Commission, any State, or any self-regulatory organization; or

“(ii) is suspended from association with a broker or dealer.

“(E) Rule of construction.—Nothing in this paragraph may be construed to limit any other authority of the Commission to exempt any person, or any class of persons, from any provision of this title, or from any provision of any rule or regulation thereunder.

“(F) Inflation adjustment.—

“(i) In general.—On the date that is 5 years after the date of enactment of this paragraph, and every 5 years thereafter, each dollar amount in subparagraph (A)(iii)(II)(aa) shall be adjusted by—

“(I) dividing the annual value of the Employment Cost Index For Wages and Salaries, Private Industry Workers (or any successor index), as
published by the Bureau of Labor Statistics, for the calendar year preceding the calendar year in which the adjustment is being made by the annual value of such index (or successor) for the calendar year ending December 31, 2020; and

“(II) multiplying such dollar amount by the quotient obtained under subclause (I).

“(ii) Rounding.—Each dollar amount determined under clause (i) shall be rounded to the nearest multiple of $100,000.’’.

(b) Effective Date.—The amendments made by subsection (a) shall take effect on the date that is 90 days after the date of enactment of this Act.

TITLE III—ENHANCING RETAIL INVESTOR ACCESS TO INVESTMENT OPPORTUNITIES

SEC. 301. Exemption.

(1) in paragraph (3), by inserting “, except that the term does not include a non-custody broker or dealer that is privately held and in good standing” after “registered public accounting firm”;

(2) in paragraph (4), by inserting “, except that the term does not include a non-custody broker or dealer that is privately held and in good standing” after “registered public accounting firm”;

(3) by redesignating paragraphs (5) and (6) as paragraphs (8) and (9), respectively; and

(4) by inserting after paragraph (4) the following:

“(5) IN GOOD STANDING.—The term ‘in good standing’ means, with respect to a broker or dealer (as those terms are defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))), that, as of the last day of the most recently completed fiscal year of the broker or dealer, as applicable, the broker or dealer—

“(A) is registered with the Commission;

“(B) is a member of an association that is registered as a national securities association under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3);
“(C) is compliant with the minimum dollar net capital requirements under section 240.15c3–1 of title 17, Code of Federal Regulations, or any successor regulation;

“(D) has not, during the 10-year period preceding that date, been convicted of a felony under Federal or State law;

“(E) does not have a person associated with the broker or dealer, as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)), that, during the 10-year period preceding that date, has been convicted of a felony for fraudulent conduct under Federal or State law; and

“(F) is not subject to statutory disqualification by reason of being—

“(i) expelled or suspended from—

“(I) an association that is registered as described in subparagraph (B); or

“(II) an association that is registered as a registered futures association under section 17 of the Commodity Exchange Act (7 U.S.C. 21);
“(ii) subject to an order of the Commission, other appropriate regulatory agency, or foreign financial regulatory authority denying, suspending, or revoking the registration of the broker or dealer as a regulated entity;

“(iii) subject to an order of the Commodity Futures Trading Commission, or other appropriate regulatory entity, denying, suspending, or revoking the registration of the broker or dealer under the Commodity Exchange Act (7 U.S.C. 1 et seq.) or the authority of the broker or dealer to engage in any transaction; or

“(iv) subject to a restraining order entered by a court.

“(6) NON-CUSTODY BROKER OR DEALER.—The term ‘non-custody broker or dealer’ means a broker or dealer (as those terms are defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))), as applicable, that—

“(A) as of the last day of the most recently completed fiscal year of the broker or dealer—

“(i) has not less than 1 and not more than 150 persons registered with an asso-
ciation that is registered as a national securities association under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3);

“(ii) is not a high frequency trading broker or dealer, as that term is defined by the Commission with respect to a particular registered firm type; and

“(iii) is not affiliated with an investment advisor that—

“(I) is registered with the Commission or a State entity; and

“(II) acts as the custodian for customer assets;

“(B) with respect to the average of the 3 most recently completed fiscal years of the broker or dealer, has gross revenue that enables the broker or dealer to qualify as a small business concern for the purposes of a program administered by the Small Business Administration; and

“(C) throughout the most recently completed fiscal year of the broker or dealer—

“(i) does not, as a matter of ordinary business practice in connection with the ac-
tivities of the broker or dealer, receive cus-
tomer checks, drafts, or other evidence of
indebtedness made payable to the broker
or dealer;

“(ii) if required under section 3(a)(2)
of the Securities Investor Protection Act of
1970 (15 U.S.C. 78ccc(a)(2)), is a member
of the Securities Investor Protection Cor-
poration; and

“(iii) either—

“(I) if the broker or dealer is
subject to section 240.15c3–3 of title
17, Code of Federal Regulations, or
any successor regulation, is in compli-
ance with that section; or

“(II) is not subject to such sec-
tion 240.15c3–3, or any successor
regulation, because the broker or deal-
er does not maintain custody over any
customer securities or cash.

“(7) PRIVATELY HELD.—The term ‘privately
held’ means, with respect to a broker or dealer (as
those terms are defined in section 3(a) of the Securi-
ties Exchange Act of 1934 (15 U.S.C. 78c(a))), that
the broker or dealer, as applicable, is not an issuer.”.

(b) Amendments to Regulations.—

(1) Definitions.—In this subsection, the terms “in good standing”, “non-custody broker or dealer”, and “privately held” have the meanings given the terms in section 110 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7220), as amended by subsection (a).

(2) Amendments.—Not later than 180 days after the date of enactment of this Act, the Commission shall make any necessary amendments to regulations of the Commission that are in effect, as of the date of enactment of this Act, in order to—

(A) carry out this Act and the amendments made by this Act; and

(B) exclude the auditors of non-custody brokers or dealers that are privately held and in good standing from the audit requirements of the Public Company Accounting Oversight Board.

(c) Effective Date.—

(1) In general.—Except as provided in paragraph (2), this Act, and the amendments made by
this Act, shall take effect on the date that is 180
days after the date of enactment of this Act.

(2) EXCEPTION.—Subsection (b) shall take ef-
fect on the date of enactment of this Act.

SEC. 302. AMENDMENTS TO ACQUIRED FUND FEES AND EX-
PENSES REPORTING ON INVESTMENT COM-
PANY REGISTRATION STATEMENTS.

(a) DEFINITIONS.—In this section:

(1) ACQUIRED FUND.—The term “acquired
fund” has the meaning given the term in Form N–
1A, Form N–2, and Form N–3.

(2) ACQUIRED FUND FEES AND EXPENSES.—
The term “acquired fund fees and expenses” means
the acquired fund fees and expenses subcaption in
the fee table disclosure.

(3) BUSINESS DEVELOPMENT COMPANY.—The
term “business development company” has the
meaning given the term in section 2(a) of the Invest-
ment Company Act of 1940 (15 U.S.C. 80a–2(a)).

(4) FEE TABLE DISCLOSURE.—The term “fee
table disclosure” means the fee table described in
item 3 of Form N–1A, item 3 of Form N–2, or item
4 of Form N–3 (as applicable, and with respect to
each, in any successor fee table disclosure that the
Securities and Exchange Commission adopts).
(5) Form N–1A.—The term “Form N–1A” means the form described in section 274.11A of title 17, Code of Federal Regulations, or any successor regulation.

(6) Form N–2.—The term “Form N–2” means the form described in section 274.11a–1 of title 17, Code of Federal Regulations, or any successor regulation.

(7) Form N–3.—The term “Form N–3” means the form described in section 274.11b of title 17, Code of Federal Regulations, or any successor regulation.


(b) Excluding Business Development Companies From Acquired Fund Fees and Expenses.—A registered investment company may, on any investment company registration statement filed pursuant to section 8(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(b))—
(1) omit from the calculation of acquired fund fees and expenses those fees and expenses that the investment company incurred indirectly as a result of investment in shares of 1 or more acquired funds that is a business development company; and

(2) instead disclose in a footnote to the fee table disclosure those fees and expenses described in paragraph (1), calculated according to the acquired fund fees and expenses formula.

SEC. 303. EXTENSION OF RULE 701.

(a) IN GENERAL.—

(1) DEFINITION.—For purposes of this subsection, the term “customers”, with respect to an issuer, may, at the election of the issuer, include users of a platform of the issuer.

(2) APPLICATION.—The exemption provided under section 230.701 of title 17, Code of Federal Regulations, or any successor regulation, shall apply to individuals (other than employees) providing goods for sale, labor, or services for remuneration to an issuer, or to customers of an issuer, to the same extent as that exemption applies to employees of the issuer.

(b) ADJUSTMENT FOR INFLATION.—Section 507 of the Economic Growth, Regulatory Relief, and Consumer
Protection Act (15 U.S.C. 77e note) is amended, in the second sentence, by striking “every 5 years” and inserting “annually”.

(c) Rulemaking.—

(1) Proposed rules.—Not later than 270 days after the date of enactment of this Act, the Commission shall issue proposed revisions to section 230.701 of title 17, Code of Federal Regulations, or any successor regulation—

(A) to reflect the requirements of this section; and

(B) that do not revise such section 230.701 in any manner that would have the effect of restricting access to equity compensation for employees or individuals described in subsection (a).

(2) Final rules.—Not later than 270 days after the date on which the Commission issues the proposed revisions required under paragraph (1), the Commission shall issue a final version of those revisions.
SEC. 304. CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.

(a) In General.—Section 5 of the Investment Company Act of 1940 (15 U.S.C. 80a–5) is amended by adding at the end the following:

“(d) Closed-End Company Authority to Invest in Private Funds.—

“(1) In General.—The Commission may not limit a closed-end company from investing any or all of the assets of the company in a private fund solely or primarily because of the status of the fund as a private fund.

“(2) Application.—Notwithstanding section 6(f), this subsection shall apply to a closed-end company that elects to be treated as a business development company pursuant to section 54.”.

(b) Definition of Private Fund.—

(1) Investment Company Act of 1940.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)) is amended by adding at the end the following:

“(55) The term ‘private fund’ means an issuer that would be an investment company but for the exception provided for in paragraph (1) or (7) of section 3(c).”.

(4) Investment Company Act of 1940.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)) is amended by adding at the end the following:

“(55) The term ‘private fund’ means an issuer that would be an investment company but for the exception provided for in paragraph (1) or (7) of section 3(c).”.
(2) INVESTMENT ADVISERS ACT OF 1940.—Section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)) is amended—

(A) by redesignating the second paragraph (29) (relating to “commodity pool” and other terms) as paragraph (31); and

(B) by amending paragraph (29) to read as follows:

“(29) The term ‘private fund’ has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)).”.

(c) TREATMENT BY NATIONAL SECURITIES EXCHANGES.—Section 6(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78f(b)), as amended by section 105(b), is amended by adding at the end the following:

“(12)(A) The rules of the exchange do not prohibit the listing or trading of securities of a closed-end company by reason of the amount of the investment by the company of assets in private funds.

“(B) In this paragraph—

“(i) 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 under section 6(f) of the Investment Company Act of 1940 (15 U.S.C. 80a–6(f)); and

“(ii) the term ‘private fund’ has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–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)”.

SEC. 305. CROWDFUNDING REVISIONS.

(a) EXEMPTION FROM STATE REGULATION.—Section 18(b)(4)(A) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)(A)) is amended by striking “pursuant to section” and all that follows through the semicolon at the end and inserting the following: “pursuant to—
“(i) section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)); or

“(ii) section 4A(b) or any regulation issued under that section;”.

(b) LIABILITY FOR MATERIAL MISSTATEMENTS AND OMISSIONS.—Section 4A(c) of the Securities Act of 1933 (15 U.S.C. 77d–1(c)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following:

“(3) LIABILITY OF FUNDING PORTALS.—For the purposes of this subsection, a funding portal, as that term is defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)), shall not be considered to be an issuer unless, in connection with the offer or sale of a security, the funding portal knowingly—

“(A) makes any untrue statement of a material fact or omits to state a material fact in order to make the statements made, in light of the circumstances under which they are made, not misleading; or
“(B) engages in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.”

(c) APPLICABILITY OF BANK Secrecy ACT REQUIREMENTS.—

(1) Securities Act of 1933.—Section 4A(a) of the Securities Act of 1933 (15 U.S.C. 77d–1(a)) is amended—

(A) in paragraph (11), by striking “and” at the end;

(B) in paragraph (12), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(13) not be subject to the recordkeeping and reporting requirements relating to monetary instruments under subchapter II of chapter 53 of title 31, United States Code.”.

(2) Title 31, United States Code.—Section 5312 of title 31, United States Code, is amended by striking subsection (c) and inserting the following:

“(c) Additional Clarification.—The term ‘financial institution’ (as defined in subsection (a))—

“(1) includes any futures commission merchant, commodity trading advisor, or commodity pool oper-
ator registered, or required to register, under the
Commodity Exchange Act (7 U.S.C. 1 et seq.); and
“(2) does not include a funding portal, as that
term is defined in section 3(a) of the Securities Ex-
change Act of 1934 (15 U.S.C. 78c(a)).”.

(d) Provision of Impersonal Investment Ad-
vice and Recommendations.—Section 3(a) of the Secu-
rities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amend-
ed—

(1) by redesignating the second paragraph (80)
(relating to funding portals) as paragraph (81); and
(2) in paragraph (81)(A), as so redesignated,
by inserting after “recommendations” the following:
“(other than by providing impersonal investment ad-
vice by means of written material, or an oral state-
ment, that does not purport to meet the objectives
or needs of a specific individual or account)”.

SEC. 306. EQUAL OPPORTUNITY FOR ALL INVESTORS.

(a) Certification Examinations for Accred-
ited Investors.—

(1) Examination alternative.—Section
77b(a)(15)) is amended—

(A) by redesignating clauses (i) and (ii) as
subparagraphs (A) and (B), respectively;
(B) in subparagraph (A), as so redesignated, by striking “adviser; or” and inserting “adviser;”;

(C) in subparagraph (B), as so redesignated, by striking the period at the end and inserting “; or”; and

(D) by adding at the end the following:

“(C) any individual who is certified as an accredited investor through an examination established or approved by the Commission, the securities commission (or any agency or office performing like functions) of any State, or any self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))) that—

“(i) measures whether an individual certified as an accredited investor pursuant to such examination understands and appreciates the risks and opportunities of investing in securities;

“(ii) is designed to ensure that an individual with financial sophistication or training would be unlikely to fail; and

“(iii) may be designed or administered by any other person approved by the Com-
mission, such securities commission, or such self-regulatory organization.”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on the date of enactment of this Act.

(3) EXAMINATION.—The Commission shall establish or approve an examination that complies with the amendments made by paragraph (1) not later than 18 months after the date of enactment of this Act.

(b) ACCREDITED INVESTOR SELF-CERTIFICATION.—Section 4(b) of the Securities Act of 1933 (15 U.S.C. 77d(b)) is amended by inserting “Unless the issuer knows, or has a reckless disregard for whether, the purchaser is not an accredited investor, obtaining a self-certification from the purchaser that the purchaser meets the income or net worth requirements of Rule 501 of Regulation D shall constitute reasonable steps to verify that purchasers of the securities are accredited investors.” after the period at the end.

(c) MODIFICATION OF RULES.—

(1) IN GENERAL.—Not later than 270 days after the date of enactment of this Act, the Commission shall revise section 230.501(a) of title 17, Code of Federal Regulations, to make parallel changes to
those made under subsection (a) and to add to the
definition of “accredited investor” the following cat-
egories:

(A) Any natural person with at least
$500,000 worth of investments.

(B) Any natural person with total trans-
actions during a 12-month period under section
230.506 of title 17, Code of Federal Regula-
tions, and under section 4(a)(6) of the Securi-
ties Act of 1933 (15 U.S.C. 77d(a)(6)) that are
not greater than the highest amount of the fol-
lowing—

(i) 10 percent of the total investments
of the person;

(ii) 10 percent of the annual income
of the person or 10 percent of the annual
combined income with that person’s
spouse; or

(iii) 10 percent of the net worth of the
person excluding the value of the person’s
principal place of residence.

(2) DEFINITIONS.—

(A) DEFINITIONS.—In this paragraph:
(i) Cash and cash equivalents.—

The term “cash and cash equivalents” includes—

(I) bank deposits, certificates of deposit, bankers acceptances and similar bank instruments held for investment purposes; and

(II) the net cash surrender value of an insurance policy.

(ii) Commodity interests.—The term “commodity interests” means commodity futures contracts, options on commodity futures contracts, and options on physical commodities traded on or subject to the rules of—

(I) any contract market designated for trading such transactions under the Commodity Exchange Act (7 U.S.C. 1 et seq.) and the rules issued under that Act; or

(II) any board of trade or exchange outside the United States, as described in part 30 of title 17, Code of Federal Regulations.
(iii) **Digital Assets.**—The term “digital assets”—

(I) means a digital representation of value that—

(aa) is used as a medium of exchange, unit of account, or store of value; and

(bb) is not legal tender, whether or not denominated in legal tender; and

(II) does not include—

(aa) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for legal tender, bank credit, or virtual currency; or

(bb) a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.
(iv) INVESTMENT PURPOSES.—The term “investment purposes”—

(I) includes—

(aa) real estate owned by a prospective purchaser who is engaged primarily in the business of investing, trading, or developing real estate in connection with such business; and

(bb) a commodity interest or physical commodity owned, or a financial contract entered into, by the prospective purchaser who is engaged primarily in the business of investing, reinvesting, or trading in commodity interests, physical commodities, or financial contracts in connection with such business; and

(II) does not include real estate held for investment purposes by a prospective purchaser if the real estate is used by the prospective purchaser, a sibling, spouse or former spouse, a direct lineal descendant by birth or
adoption, or spouse of such lineal descendant or ancestor for personal purposes or as a place of business, or in connection with the conduct of the trade or business of the prospective purchaser or such related person.

(v) INVESTMENTS.—The term “investments” means—

(I) securities, as defined in section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)), other than securities issued by an issuer that is controlled by the prospective purchaser that owns such securities;

(II) real estate held for investment purposes;

(III) commodity interests held for investment purposes;

(IV) physical commodities held for investment purposes;

(V) digital assets held for investment purposes;

(VI) to the extent not securities, financial contracts (as such term is defined in section 3(c)(2)(B)(ii) of the
71

Investment Company Act of 1940 (15 U.S.C. 80a–3(e)(2)(B)(ii)) entered into for investment purposes; and

(VII) cash and cash equivalents (including foreign currencies) held for investment purposes.

(vi) PERSONAL PURPOSES.—The term “personal purposes” does not include residential real estate if deductions with respect to such real estate are not disallowed by section 280A of the Internal Revenue Code of 1986.

(vii) PHYSICAL COMMODITIES.—The term “physical commodities” means any physical commodity with respect to which a commodity interest is traded on a market described in clause (ii)(I).

(3) SELF-EXECUTION.—If the Commission does not revise its rules in accordance with the deadline set forth in paragraph (1), any person described in subparagraph (A) or (B) of that paragraph shall be deemed to be an accredited investor for all purposes under the Federal securities laws (including regulations).
(d) Adjusting the Accredited Investor Standard.—Section 413 of the Private Fund Investment Advisers Registration Act of 2010 (15 U.S.C. 77b note) is amended by striking subsection (b) and inserting the following:

“(b) Review and Adjustment.—

“(1) In General.—The Commission may undertake a review of the definition of the term ‘accredited investor’, as such term applies to natural persons, to determine whether the requirements of the definition, excluding the requirement relating to the net worth standard described in subsection (a), should be adjusted or modified for the protection of investors, in the public interest, and in light of the economy.

“(2) Adjustment or Modification.—Upon completion of a review under paragraph (1), the Commission may, by notice and comment rule-making, make such adjustments to the definition of the term ‘accredited investor’, excluding adjusting or modifying the requirement relating to the net worth standard described in subsection (a), as such term applies to natural persons, as the Commission may deem appropriate for the protection of investors, in the public interest, and in light of the economy.”.
SEC. 307. EXEMPTION FROM STATE REGULATION OF SECURITIES.

Section 18(b)(4)(A) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)(A)), as amended by section 305(a), is amended—

(1) in clause (i), by striking “or” at the end;

(2) in clause (ii), by adding “or” at the end;

and

(3) by adding at the end the following:

“(iii) all disclosure obligations of section 3(b)(2) of this Act and any regulations issued under that section;”.

SEC. 308. RETIREMENT SAVINGS MODERNIZATION.

(a) FINDINGS.—Congress finds the following:

(1) According to the Department of Labor, between 1975 and 2019, the number of participants in private-sector defined benefit plans declined from 27,200,000 active participants to 12,600,000 active participants.

(2) During the same period, the number of participants in private-sector defined contribution plans increased from 11,200,000 active participants to 85,500,000 active participants.

(3) Workers in the United States are increasingly relying on employer-sponsored defined contribution plans as retirement savings vehicles.
(4) The transition from defined benefit plans to defined contribution plans has not only impacted defined contribution plan savers by shifting investment responsibility from the investment professionals and plan sponsors to plan participants, but it has also limited the asset classes they use to generate investment returns needed for a secure retirement.

(5) Defined contribution plans often lag behind defined benefit plans in terms of investment performance, in part due to the fact that defined benefit plans are often better diversified through exposure to alternative assets.

(6) A 2018 study from the Boston College Center for Retirement Research found that, for defined benefit plans that invest in private equity, those plans hold an average of 19 percent of their assets in private market investments.

(7) In 2019, the value of private companies in the United States was 250 percent greater than the value of public companies.

(8) In 2020, private equity had the highest return of any asset class in the public pension portfolio, with a median annualized return of 12.3 percent over 10 years.
(9) Numerous studies have found that the diversification of defined contribution plans through exposure to alternative asset classes would increase annual returns upon retirement even in worst-case market scenarios.

(10) A 2018 study from the Georgetown University Center for Retirement Initiatives found that the strategic inclusion of alternative assets in a diversified target-date fund would increase a participant’s annual retirement income by 17 percent in an average scenario, and 11 percent in a worst-case, down-market scenario.

(11) The Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) and associated jurisprudence requires plan fiduciaries to act solely in the pecuniary interest of plan participants, including by “diversifying the investments of the plan so as to minimize the risk of large losses”.

(12) The prudent and well-diversified allocation to alternative assets in defined contribution plans can level the playing field between defined contribution and defined benefit plans, reduce the exposure of retirement savers to volatility in public markets, and generate investment returns needed for a secure retirement.
(b) **Fiduciary Duties Regarding Asset Classes Under ERISA.**—Section 404(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)) is amended by adding at the end the following:

“(3)(A) The selection or maintenance by a fiduciary of a multi-asset class investment vehicle as a designated investment alternative for a plan shall not, by itself, constitute a breach of fiduciary duties under this subsection. Any fees or expenses associated with that vehicle, including with any covered investment in which the vehicle is invested, shall not, by itself, constitute a breach of such fiduciary duties, provided that the fiduciary has given appropriate consideration to those facts and circumstances that, given the scope of the fiduciary’s investment duties, the fiduciary knows or should know are relevant to that vehicle or that covered investment contained as a component of that vehicle.

“(B) For purposes of subparagraph (A):

“(i) The term ‘covered investment’ includes an investment in any of the following:

“(I) Securities that are listed on a national securities exchange.

“(II) Debt.

“(III) Infrastructure.
“(IV) Digital assets.

“(V) Real estate.

“(VI) Real assets.

“(VII) Private equity.

“(VIII) Commodities.

“(IX) Any other investment that would have the effect of diversifying the investment portfolio.

“(ii) The terms ‘exchange’ and ‘security’ have the meanings given the terms in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

“(iii) The term ‘multi-asset class investment vehicle’ means any investment structure, whether a commingled vehicle or a specific account, that invests in assets from a range of asset classes with different risk and return characteristics or investment horizons, including by investing in covered investments.

“(C) Nothing in this paragraph shall be construed as providing an exemption or safe harbor from the requirements of paragraph (1).”

TITLE IV—IMPROVING REGULATORY OVERSIGHT

SEC. 401. STUDIES, REPORTS, AND RULES REGARDING SMALL ENTITIES.

(a) DEFINITIONS.—In this section—

(1) the term “Committee” means the Small Business Capital Formation Advisory Committee established under section 40 of the Securities Exchange Act of 1934 (15 U.S.C. 78qq);


(3) the term “small entity”—

(A) has the meaning given the term in section 601 of title 5, United States Code, with respect to the activities of the Commission; and

(B) includes any definition established by the Commission of the term “small business”, “small organization”, or “small governmental jurisdiction” under paragraph (3), (4), or (5), respectively, of section 601 of title 5, United
States Code, with respect to the activities of the
Commission.

(b) Studies and Reports.—Not later than 1 year
after the date of enactment of this Act, and once every
5 years thereafter, the Commission shall—

(1) in consultation with the Committee, the Of-
fice, and the Office of Advocacy of the Small Busi-
ness Administration, conduct a study of the defini-
tion of the term “small entity” with respect to the
activities of the Commission for the purposes of
chapter 6 of title 5, United States Code, which shall
consider—

(A) the extent to which the definition of
the term “small entity”, as in effect during the
period in which the study is conducted, aligns
with the findings and declarations made under
section 2(a) of the Regulatory Flexibility Act (5
U.S.C. 601 note);

(B) the amount by which financial markets
in the United States have grown since the last
time the Commission amended the definition of
the term “small entity”, if applicable; and

(C) how the Commission should define the
term “small entity” to ensure that a meaningful
number of entities would fall under that definition; and

(2) submit to Congress a report that includes—

(A) the results of the applicable study conducted under paragraph (1); and

(B) specific and detailed recommendations on the ways in which the Commission could amend the definition of the term “small entity” to be consistent with the results described in subparagraph (A).

(c) Rulemaking.—

(1) Proposed rules.—Not later than 270 days after the date on which the Commission submits to Congress a report required under subsection (b)(2), the Commission shall issue a proposed rule that implements the recommendations described in subsection (b)(2)(B).

(2) Final rules.—Not later than 270 days after the date on which the Commission publishes a proposed rule under paragraph (1) in the Federal Register, the Commission shall issue a final version of that rule.
SEC. 402. INCREASING OPPORTUNITIES FOR RETAIL INVESTORS.

(a) Regulatory Dollar Thresholds and Limitations.—Notwithstanding any other provision of law or regulation, the Commission, in order to reduce any regulatory obligation (or any restriction) on any entity, may, as the Commission determines appropriate, increase any dollar threshold or limitation by rule of the Commission, including any dollar threshold or limitation under—

(1) section 230.251(a)(1) of title 17, Code of Federal Regulations, or any successor regulation;

(2) section 230.251(a)(2) of title 17, Code of Federal Regulations, or any successor regulation;

(3) section 230.504 of title 17, Code of Federal Regulations, or any successor regulation;

(4) section 227.100(a)(1) of title 17, Code of Federal Regulations, or any successor regulation;

(5) section 229.10(f) of title 17, Code of Federal Regulations, or any successor regulation;

(6) section 230.405 of title 17, Code of Federal Regulations, or any successor regulation;

(7) section 240.12b–2 of title 17, Code of Federal Regulations, or any successor regulation.

(b) Jobs Act-Related Exemption.—Section 3(b) of the Securities Act of 1933 (15 U.S.C. 77e(b)) is amended—
(1) in paragraph (2)(A), by striking “$50,000,000” and inserting “$75,000,000, adjusted for inflation by the Commission every 2 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics”; and

(2) in paragraph (5)—

(A) in the first sentence, by striking “such amount as” and inserting the following: “such amount, as adjusted for inflation under paragraph (2)(A), as”; and

(B) in the second sentence, by striking “such amount” and inserting the following: “such amount, as adjusted for inflation under paragraph (2)(A)”.

(e) CROWDFUNDING EXEMPTION.—

(1) INCREASE IN LIMIT OF AMOUNT SOLD IN RELIANCE ON THE CROWDFUNDING EXEMPTION.— Section 4(a)(6)(A) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6)(A)) is amended by striking “$1,000,000” and inserting “$5,000,000”.

(2) CLARIFICATION OF TRANSACTION CAPS.— Section 4(a)(6)(B) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6)(B)) is amended—
(A) in clause (i), by inserting “the greater of’’ after “5 percent of’’; and
(B) in clause (ii), by inserting “the greater of’’ after “10 percent of’’.

SEC. 403. TRACKING BAD ACTORS.

(a) DEFINITION.—In this section, the term “Federal financial regulator’’ means—

(1) the Commodity Futures Trading Commission;

(2) the Commission;

(3) the Office of the Comptroller of the Currency;

(4) the Federal Deposit Insurance Corporation;

(5) the Financial Industry Regulatory Agency;

and

(6) the Public Company Accounting Oversight Board.

(b) DATABASE.—

(1) IN GENERAL.—Not later than 3 years after the date of enactment of this Act, the Federal financial regulators shall jointly establish a publicly available database of persons convicted or held liable in criminal, civil, and administrative actions relating to financial services brought by—
(A) any Federal financial regulator, to the
greatest extent practicable;

(B) the Department of Justice;

(C) any self-regulatory organization or
similar entity overseen by a Federal financial
regulator if required by such regulator; or

(D) any State or local criminal or regu-
latory agency that voluntarily submits informa-
tion to the database.

(2) Oversight.—The Commission shall be the
lead agency responsible for oversight of the database
established under paragraph (1).

(3) Free Access.—The information in the
database established under paragraph (1) shall be
free of charge to the public.

(4) Operation.—The database established
under paragraph (1) shall be operated by a Federal
agency or maintained by a third party.

(5) Expungement.—Any agency that submits
information to the database established under para-
graph (1) shall expunge any enforcement action
brought by the agency if the action is—

(A) overturned upon judicial review; or

(B) withdrawn by the agency.

(6) Reports.—
(A) **Federal financial regulators.**—
The Federal financial regulators shall jointly submit to Congress an annual report on the database during the period beginning on the date of enactment of this Act and ending on the date on which the database is operational.

(B) **GAO report.**—Not later than 5 years after the date on which the database is operational, the Comptroller General of the United States shall submit to Congress a report on the database.

**SEC. 404. PERSONALLY IDENTIFIABLE INFORMATION EXCLUDED FROM CONSOLIDATED AUDIT TRAIL REPORTING REQUIREMENTS.**

(a) **Definition.**—In this section, the term “personally identifiable information”—

(1) means information that can be used to distinguish or trace the identity of an individual, either alone or when combined with other personal or identifying information that is linked or linkable to the individual;

(2) includes the name, address, date or year of birth, Social Security number, telephone number, and email address of an individual; and
(3) does not include a CAT-Order-ID or CAT-Reporter-ID, as those terms are defined in section 242.613(j) of title 17, Code of Federal Regulations, or any successor regulation.

(b) PROHIBITION.—Except as provided in subsection (c), the Commission may not require a national securities exchange, a national securities association, or a member of such an exchange or association to provide personally identifiable information with respect to a market participant to meet the requirements relating to an order or a reportable event under section 242.613(c)(7) of title 17, Code of Federal Regulations, or any successor regulation.

(c) EXCEPTION.—The Commission may only require a national securities exchange, a national securities association, or a member of such an exchange or association to provide personally identifiable information with respect to a market participant if the Commission makes a request for such information.

(d) REQUEST FOR EXTENSION.—If the Commission makes a request under subsection (e), a national securities exchange, a national securities association, or a member of such an exchange or association shall provide the personally identifiable information that is the subject of the request not later than 24 hours after receiving the request, unless, at the request of the national securities exchange,
national securities association, or member of such an exchange or association, the Commission provides a reasonable extension.

(e) **DESTRUCTION OF PERSONALLY IDENTIFIABLE INFORMATION.**—In the case of personally identifiable information provided to the Commission under a request made by the Commission under subsection (e), the Commission shall destroy that personally identifiable information not later than 1 day after the date on which the investigation or other matter for which that personally identifiable information is required concludes.

**SEC. 405. REMOVAL OF ADMINISTRATIVE PROCEEDINGS.**


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“SEC. 27B. REMOVAL OF ADMINISTRATIVE PROCEEDINGS.

“(a) DEFINITION.—In this section, the term ‘eligible respondent’ means any respondent that does not act, or, at the time of the alleged misconduct, did not act, as a registered broker or dealer, registered investment adviser, registered investment company, registered municipal securities dealer, registered nationally recognized statistical rating organization, registered government securities broker, registered government securities dealer, registered public accounting firm, or registered transfer agent.
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“(b) Removal.—Any administrative proceeding brought by the Commission under this Act may be removed by an eligible respondent to a district court of the United States in accordance with section 1446 of title 28, United States Code.”.

SEC. 406. PARITY FOR REGISTERED INDEX-LINKED ANNUITIES REGARDING REGISTRATION RULES.

(a) Definitions.—In this section:

(1) Investment company.—The term “investment company” has the meaning given the term in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3).

(2) Market value adjustment.—The term “market value adjustment” means, with respect to a registered index-linked annuity—

(A) an adjustment to the value of that annuity based on calculations using a predetermined formula; or

(B) a change in interest rates (or other factor, as determined by the Commission) that applies to that annuity after an early withdrawal or contract discontinuance.

(3) Purchaser.—The term “purchaser” means a purchaser of a registered index-linked annuity.
(4) REGISTERED INDEX- LINKED ANNUITY.—

The term “registered index-linked annuity” means an annuity—

(A) that is deemed to be a security;

(B) that is required to be registered with the Commission;

(C) that is issued by an insurance company that is subject to the supervision of the insurance commissioner of the applicable State;

(D) that is not issued by an investment company; and

(E) the returns of which—

(i) are based on the performance of a specified benchmark index or rate; and

(ii) may be subject to a market value adjustment if amounts are withdrawn before the end of the period during which that market value adjustment applies.

(5) SECURITY.—The term “security” has the meaning given the term in section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)).

(b) RULES.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Commission shall propose, and, not later than 18 months
after the date of enactment of this Act, the Commission shall prepare and finalize, new or amended rules, as appropriate, to establish a new form in accordance with paragraph (2) on which an issuer of a registered index-linked annuity may register that registered index-linked annuity, subject to conditions the Commission determines appropriate.

(2) DESIGN OF FORM.—In developing the form to be established under paragraph (1), the Commission shall—

(A) design the form to ensure that a purchaser using the form receives the information necessary to make knowledgeable decisions, taking into account—

(i) the availability of information;

(ii) the knowledge and sophistication of that class of purchasers;

(iii) the complexity of the registered index-linked annuity; and

(iv) any other factor the Commission determines appropriate;

(B) engage in investor testing; and

(C) incorporate the results of the testing required under subparagraph (B) in the design of the form, with the goal of ensuring that key
information is conveyed in terms that a purchaser is able to understand.

(c) Treatment if Rules Not Prepared and Finalized in a Timely Manner.—

(1) In General.—If, as of the date that is 18 months after the date of enactment of this Act, the Commission has failed to prepare and finalize the rules required under subsection (b)(1), any registered index-linked annuity may be registered on the form described in section 239.17b of title 17, Code of Federal Regulations, or any successor regulation.

(2) Preparation.—A registration described in paragraph (1) shall be prepared pursuant to applicable provisions of the form described in that paragraph.

(d) Rules of Construction.—Nothing in this section may be construed to—

(1) limit the authority of the Commission to determine the information to be requested in the form described in subsection (b); or

(2) preempt any State law, regulation, rule, or order.
SEC. 407. STRESS TEST RELIEF FOR NONBANKS.

Section 165(i)(2) of the Financial Stability Act of 2010 (12 U.S.C. 5365(i)(2)) is amended—

(1) in subparagraph (A), in the second sentence, by striking “are regulated by a primary Federal financial regulatory agency” and inserting the following: “the primary financial regulatory agency with respect to which is a Federal banking agency or the Federal Housing Finance Agency”;

(2) in subparagraph (C), in the matter preceding clause (i), by striking “Each Federal primary financial regulatory agency” and inserting “Each Federal banking agency and the Federal Housing Finance Agency”; and

(3) by adding at the end the following:

“(D) SEC AND CFTC.—The Securities and Exchange Commission and the Commodity Futures Trading Commission may each issue regulations requiring financial companies with respect to which the applicable agency is the primary financial regulatory agency to conduct periodic analyses of the financial condition, including available liquidity, of those companies under adverse economic conditions.”.