

1 the environment) directly and proximately  
2 caused by the party making the payment as a  
3 result of that party's alleged wrongdoing;

4 (C) that constitutes payment for services  
5 rendered in connection with the case; or

6 (D) made pursuant to section 3663 of title  
7 18, United States Code.

8 **TITLE IV—UNLEASHING OPPOR-**  
9 **TUNITIES FOR SMALL BUSI-**  
10 **NESSES, INNOVATORS, AND**  
11 **JOB CREATORS BY FACILI-**  
12 **TATING CAPITAL FORMATION**  
13 **Subtitle A—Small Business Merg-**  
14 **ers, Acquisitions, Sales, and**  
15 **Brokerage Simplification**

16 **SEC. 401. REGISTRATION EXEMPTION FOR MERGER AND**  
17 **ACQUISITION BROKERS.**

18 Section 15(b) of the Securities Exchange Act of 1934  
19 (15 U.S.C. 78o(b)) is amended by adding at the end the  
20 following:

21 “(13) REGISTRATION EXEMPTION FOR MERGER  
22 AND ACQUISITION BROKERS.—

23 “(A) IN GENERAL.—Except as provided in  
24 subparagraph (B), an M&A broker shall be ex-  
25 empt from registration under this section.

1           “(B) EXCLUDED ACTIVITIES.—An M&A  
2 broker is not exempt from registration under  
3 this paragraph if such broker does any of the  
4 following:

5           “(i) Directly or indirectly, in connec-  
6 tion with the transfer of ownership of an  
7 eligible privately held company, receives,  
8 holds, transmits, or has custody of the  
9 funds or securities to be exchanged by the  
10 parties to the transaction.

11           “(ii) Engages on behalf of an issuer in  
12 a public offering of any class of securities  
13 that is registered, or is required to be reg-  
14 istered, with the Commission under section  
15 12 or with respect to which the issuer files,  
16 or is required to file, periodic information,  
17 documents, and reports under subsection  
18 (d).

19           “(iii) Engages on behalf of any party  
20 in a transaction involving a public shell  
21 company.

22           “(C) DISQUALIFICATIONS.—An M&A  
23 broker is not exempt from registration under  
24 this paragraph if such broker is subject to—

1 “(i) suspension or revocation of reg-  
2 istration under paragraph (4);

3 “(ii) a statutory disqualification de-  
4 scribed in section 3(a)(39);

5 “(iii) a disqualification under the  
6 rules adopted by the Commission under  
7 section 926 of the Investor Protection and  
8 Securities Reform Act of 2010 (15 U.S.C.  
9 77d note); or

10 “(iv) a final order described in para-  
11 graph (4)(H).

12 “(D) RULE OF CONSTRUCTION.—Nothing  
13 in this paragraph shall be construed to limit  
14 any other authority of the Commission to ex-  
15 empt any person, or any class of persons, from  
16 any provision of this title, or from any provision  
17 of any rule or regulation thereunder.

18 “(E) DEFINITIONS.—In this paragraph:

19 “(i) CONTROL.—The term ‘control’  
20 means the power, directly or indirectly, to  
21 direct the management or policies of a  
22 company, whether through ownership of  
23 securities, by contract, or otherwise. There  
24 is a presumption of control for any person  
25 who—

1           “(I) is a director, general part-  
2           ner, member or manager of a limited  
3           liability company, or officer exercising  
4           executive responsibility (or has similar  
5           status or functions);

6           “(II) has the right to vote 20  
7           percent or more of a class of voting  
8           securities or the power to sell or direct  
9           the sale of 20 percent or more of a  
10          class of voting securities; or

11          “(III) in the case of a partner-  
12          ship or limited liability company, has  
13          the right to receive upon dissolution,  
14          or has contributed, 20 percent or  
15          more of the capital.

16          “(ii) ELIGIBLE PRIVATELY HELD  
17          COMPANY.—The term ‘eligible privately  
18          held company’ means a privately held com-  
19          pany that meets both of the following con-  
20          ditions:

21                 “(I) The company does not have  
22                 any class of securities registered, or  
23                 required to be registered, with the  
24                 Commission under section 12 or with  
25                 respect to which the company files, or

1 is required to file, periodic informa-  
2 tion, documents, and reports under  
3 subsection (d).

4 “(II) In the fiscal year ending  
5 immediately before the fiscal year in  
6 which the services of the M&A broker  
7 are initially engaged with respect to  
8 the securities transaction, the com-  
9 pany meets either or both of the fol-  
10 lowing conditions (determined in ac-  
11 cordance with the historical financial  
12 accounting records of the company):

13 “(aa) The earnings of the  
14 company before interest, taxes,  
15 depreciation, and amortization  
16 are less than \$25,000,000.

17 “(bb) The gross revenues of  
18 the company are less than  
19 \$250,000,000.

20 “(iii) M&A BROKER.—The term ‘M&A  
21 broker’ means a broker, and any person  
22 associated with a broker, engaged in the  
23 business of effecting securities transactions  
24 solely in connection with the transfer of  
25 ownership of an eligible privately held com-

1           pany, regardless of whether the broker acts  
2           on behalf of a seller or buyer, through the  
3           purchase, sale, exchange, issuance, repur-  
4           chase, or redemption of, or a business com-  
5           bination involving, securities or assets of  
6           the eligible privately held company, if the  
7           broker reasonably believes that—

8                       “(I) upon consummation of the  
9                       transaction, any person acquiring se-  
10                      curities or assets of the eligible pri-  
11                      vately held company, acting alone or  
12                      in concert, will control and, directly or  
13                      indirectly, will be active in the man-  
14                      agement of the eligible privately held  
15                      company or the business conducted  
16                      with the assets of the eligible privately  
17                      held company; and

18                     “(II) if any person is offered se-  
19                     curities in exchange for securities or  
20                     assets of the eligible privately held  
21                     company, such person will, prior to  
22                     becoming legally bound to consum-  
23                     mate the transaction, receive or have  
24                     reasonable access to the most recent  
25                     fiscal year-end financial statements of

1 the issuer of the securities as custom-  
2 arily prepared by the management of  
3 the issuer in the normal course of op-  
4 erations and, if the financial state-  
5 ments of the issuer are audited, re-  
6 viewed, or compiled, any related state-  
7 ment by the independent accountant,  
8 a balance sheet dated not more than  
9 120 days before the date of the offer,  
10 and information pertaining to the  
11 management, business, results of op-  
12 erations for the period covered by the  
13 foregoing financial statements, and  
14 material loss contingencies of the  
15 issuer.

16 “(iv) PUBLIC SHELL COMPANY.—The  
17 term ‘public shell company’ is a company  
18 that at the time of a transaction with an  
19 eligible privately held company—

20 “(I) has any class of securities  
21 registered, or required to be reg-  
22 istered, with the Commission under  
23 section 12 or that is required to file  
24 reports pursuant to subsection (d);

1 “(II) has no or nominal oper-  
2 ations; and

3 “(III) has—

4 “(aa) no or nominal assets;

5 “(bb) assets consisting solely  
6 of cash and cash equivalents; or

7 “(cc) assets consisting of  
8 any amount of cash and cash  
9 equivalents and nominal other as-  
10 sets.

11 “(F) INFLATION ADJUSTMENT.—

12 “(i) IN GENERAL.—On the date that  
13 is 5 years after the date of the enactment  
14 of this paragraph, and every 5 years there-  
15 after, each dollar amount in subparagraph  
16 (E)(ii)(II) shall be adjusted by—

17 “(I) dividing the annual value of  
18 the Employment Cost Index For  
19 Wages and Salaries, Private Industry  
20 Workers (or any successor index), as  
21 published by the Bureau of Labor  
22 Statistics, for the calendar year pre-  
23 ceding the calendar year in which the  
24 adjustment is being made by the an-  
25 nual value of such index (or suc-



1                   cessor) for the calendar year ending  
2                   December 31, 2012; and

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

6                   “(ii) ROUNDING.—Each dollar  
7                   amount determined under clause (i) shall  
8                   be rounded to the nearest multiple of  
9                   \$100,000.”.

10 **SEC. 402. EFFECTIVE DATE.**

11           This subtitle and any amendment made by this sub-  
12 title shall take effect on the date that is 90 days after  
13 the date of the enactment of this Act.

14 **Subtitle B—Encouraging Employee**  
15 **Ownership**

16 **SEC. 406. INCREASED THRESHOLD FOR DISCLOSURES RE-**  
17 **LATING TO COMPENSATORY BENEFIT PLANS.**

18           Not later than 60 days after the date of the enact-  
19 ment of this Act, the Securities and Exchange Commission  
20 shall revise section 230.701(e) of title 17, Code of Federal  
21 Regulations, so as to increase from \$5,000,000 to  
22 \$20,000,000 the aggregate sales price or amount of secu-  
23 rities sold during any consecutive 12-month period in ex-  
24 cess of which the issuer is required under such section to  
25 deliver an additional disclosure to investors. The Commis-

1 sion shall index for inflation such aggregate sales price  
2 or amount every 5 years to reflect the change in the Con-  
3 sumer Price Index for All Urban Consumers published by  
4 the Bureau of Labor Statistics, rounding to the nearest  
5 \$1,000,000.

6 **Subtitle C—Small Company**  
7 **Disclosure Simplification**

8 **SEC. 411. EXEMPTION FROM XBRL REQUIREMENTS FOR**  
9 **EMERGING GROWTH COMPANIES AND OTHER**  
10 **SMALLER COMPANIES.**

11 (a) EXEMPTION FOR EMERGING GROWTH COMPA-  
12 NIES.—Emerging growth companies are exempted from  
13 the requirements to use Extensible Business Reporting  
14 Language (XBRL) for financial statements and other  
15 periodic reporting required to be filed with the Commis-  
16 sion under the securities laws. Such companies may elect  
17 to use XBRL for such reporting.

18 (b) EXEMPTION FOR OTHER SMALLER COMPA-  
19 NIES.—Issuers with total annual gross revenues of less  
20 than \$250,000,000 are exempt from the requirements to  
21 use XBRL for financial statements and other periodic re-  
22 porting required to be filed with the Commission under  
23 the securities laws. Such issuers may elect to use XBRL  
24 for such reporting. An exemption under this subsection  
25 shall continue in effect until—

1           (1) the date that is five years after the date of  
2           enactment of this Act; or

3           (2) the date that is two years after a deter-  
4           mination by the Commission, by order after con-  
5           ducting the analysis required by section 3, that the  
6           benefits of such requirements to such issuers out-  
7           weigh the costs, but no earlier than three years after  
8           enactment of this Act.

9           (c) **MODIFICATIONS TO REGULATIONS.**—Not later  
10          than 60 days after the date of enactment of this Act, the  
11          Commission shall revise its regulations under parts 229,  
12          230, 232, 239, 240, and 249 of title 17, Code of Federal  
13          Regulations, to reflect the exemptions set forth in sub-  
14          sections (a) and (b).

15          **SEC. 412. ANALYSIS BY THE SEC.**

16          The Commission shall conduct an analysis of the  
17          costs and benefits to issuers described in section 411(b)  
18          of the requirements to use XBRL for financial statements  
19          and other periodic reporting required to be filed with the  
20          Commission under the securities laws. Such analysis shall  
21          include an assessment of—

22                 (1) how such costs and benefits may differ from  
23                 the costs and benefits identified by the Commission  
24                 in the order relating to interactive data to improve

1 financial reporting (dated January 30, 2009; 74  
2 Fed. Reg. 6776) because of the size of such issuers;

3 (2) the effects on efficiency, competition, capital  
4 formation, and financing and on analyst coverage of  
5 such issuers (including any such effects resulting  
6 from use of XBRL by investors);

7 (3) the costs to such issuers of—

8 (A) submitting data to the Commission in  
9 XBRL;

10 (B) posting data on the website of the  
11 issuer in XBRL;

12 (C) software necessary to prepare, submit,  
13 or post data in XBRL; and

14 (D) any additional consulting services or  
15 filing agent services;

16 (4) the benefits to the Commission in terms of  
17 improved ability to monitor securities markets, as-  
18 sess the potential outcomes of regulatory alter-  
19 natives, and enhance investor participation in cor-  
20 porate governance and promote capital formation;  
21 and

22 (5) the effectiveness of standards in the United  
23 States for interactive filing data relative to the  
24 standards of international counterparts.

1 **SEC. 413. REPORT TO CONGRESS.**

2 Not later than one year after the date of enactment  
3 of this Act, the Commission shall provide the Committee  
4 on Financial Services of the House of Representatives and  
5 the Committee on Banking, Housing, and Urban Affairs  
6 of the Senate a report regarding—

7 (1) the progress in implementing XBRL report-  
8 ing within the Commission;

9 (2) the use of XBRL data by Commission offi-  
10 cials;

11 (3) the use of XBRL data by investors;

12 (4) the results of the analysis required by sec-  
13 tion 412; and

14 (5) any additional information the Commission  
15 considers relevant for increasing transparency, de-  
16 creasing costs, and increasing efficiency of regu-  
17 latory filings with the Commission.

18 **SEC. 414. DEFINITIONS.**

19 As used in this subtitle, the terms “Commission”,  
20 “emerging growth company”, “issuer”, and “securities  
21 laws” have the meanings given such terms in section 3  
22 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

1 **Subtitle D—Securities and Ex-**  
2 **change Commission Overpay-**  
3 **ment Credit**

4 **SEC. 416. REFUNDING OR CREDITING OVERPAYMENT OF**  
5 **SECTION 31 FEES.**

6 (a) IN GENERAL.—Section 31 of the Securities Ex-  
7 change Act of 1934 (15 U.S.C. 78ee) is amended by add-  
8 ing at the end the following:

9 “(n) OVERPAYMENT.—If a national securities ex-  
10 change or national securities association pays to the Com-  
11 mission an amount in excess of fees and assessments due  
12 under this section and informs the Commission of such  
13 amount paid in excess within 10 years of the date of the  
14 payment, the Commission shall offset future fees and as-  
15 sessments due by such exchange or association in an  
16 amount equal to such excess amount.”.

17 (b) APPLICABILITY.—The amendment made by this  
18 section shall apply to any fees and assessments paid be-  
19 fore, on, or after the date of enactment of this section.

20 **Subtitle E—Fair Access to**  
21 **Investment Research**

22 **SEC. 421. SAFE HARBOR FOR INVESTMENT FUND RE-**  
23 **SEARCH.**

24 (a) EXPANSION OF THE SAFE HARBOR.—Not later  
25 than the end of the 45-day period beginning on the date

1 of enactment of this Act, the Securities and Exchange  
2 Commission shall propose, and not later than the end of  
3 the 120-day period beginning on such date, the Commis-  
4 sion shall adopt, upon such terms, conditions, or require-  
5 ments as the Commission may determine necessary or ap-  
6 propriate in the public interest, for the protection of inves-  
7 tors, and for the promotion of capital formation, revisions  
8 to section 230.139 of title 17, Code of Federal Regula-  
9 tions, to provide that a covered investment fund research  
10 report that is published or distributed by a broker or deal-  
11 er—

12           (1) shall be deemed, for purposes of sections  
13 2(a)(10) and 5(c) of the Securities Act of 1933 (15  
14 U.S.C. 77b(a)(10), 77e(c)), not to constitute an  
15 offer for sale or an offer to sell a security that is the  
16 subject of an offering pursuant to a registration  
17 statement that is effective, even if the broker or  
18 dealer is participating or will participate in the reg-  
19 istered offering of the covered investment fund's se-  
20 curities; and

21           (2) shall be deemed to satisfy the conditions of  
22 subsection (a)(1) or (a)(2) of section 230.139 of title  
23 17, Code of Federal Regulations, or any successor  
24 provisions, for purposes of the Commission's rules

1 and regulations under the Federal securities laws  
2 and the rules of any self-regulatory organization.

3 (b) IMPLEMENTATION OF SAFE HARBOR.—In imple-  
4 menting the safe harbor pursuant to subsection (a), the  
5 Commission shall—

6 (1) not, in the case of a covered investment  
7 fund with a class of securities in substantially con-  
8 tinuous distribution, condition the safe harbor on  
9 whether the broker's or dealer's publication or dis-  
10 tribution of a covered investment fund research re-  
11 port constitutes such broker's or dealer's initiation  
12 or reinitiation of research coverage on such covered  
13 investment fund or its securities;

14 (2) not—

15 (A) require the covered investment fund to  
16 have been registered as an investment company  
17 under the Investment Company Act of 1940  
18 (15 U.S.C. 80a–1 et seq.) or subject to the re-  
19 porting requirements of section 13 or 15(d) of  
20 the Securities Exchange Act of 1934 (15  
21 U.S.C. 78m, 78o(d)) for any period exceeding  
22 the period of time referenced under paragraph  
23 (a)(1)(i)(A)(1) of section 230.139 of title 17,  
24 Code of Federal Regulations; or



1 (B) impose a minimum float provision ex-  
2 ceeding that referenced in paragraph  
3 (a)(1)(i)(A)(1)(i) of section 230.139 of title 17,  
4 Code of Federal Regulations;

5 (3) provide that a self-regulatory organization  
6 may not maintain or enforce any rule that would—

7 (A) prohibit the ability of a member to  
8 publish or distribute a covered investment fund  
9 research report solely because the member is  
10 also participating in a registered offering or  
11 other distribution of any securities of such cov-  
12 ered investment fund; or

13 (B) prohibit the ability of a member to  
14 participate in a registered offering or other dis-  
15 tribution of securities of a covered investment  
16 fund solely because the member has published  
17 or distributed a covered investment fund re-  
18 search report about such covered investment  
19 fund or its securities; and

20 (4) provide that a covered investment fund re-  
21 search report shall not be subject to section 24(b) of  
22 the Investment Company Act of 1940 (15 U.S.C.  
23 80a–24(b)) or the rules and regulations thereunder,  
24 except that such report may still be subject to such  
25 section and the rules and regulations thereunder to

1 the extent that it is otherwise not subject to the con-  
2 tent standards in the rules of any self-regulatory or-  
3 ganization related to research reports, including  
4 those contained in the rules governing communica-  
5 tions with the public regarding investment compa-  
6 nies or substantially similar standards.

7 (c) RULES OF CONSTRUCTION.—Nothing in this Act  
8 shall be construed as in any way limiting—

9 (1) the applicability of the antifraud or  
10 antimanipulation provisions of the Federal securities  
11 laws and rules adopted thereunder to a covered in-  
12 vestment fund research report, including section 17  
13 of the Securities Act of 1933 (15 U.S.C. 77q), sec-  
14 tion 34(b) of the Investment Company Act of 1940  
15 (15 U.S.C. 80a–33), and sections 9 and 10 of the  
16 Securities Exchange Act of 1934 (15 U.S.C. 78i,  
17 78j); or

18 (2) the authority of any self-regulatory organi-  
19 zation to examine or supervise a member’s practices  
20 in connection with such member’s publication or dis-  
21 tribution of a covered investment fund research re-  
22 port for compliance with applicable provisions of the  
23 Federal securities laws or self-regulatory organiza-  
24 tion rules related to research reports, including those

1 contained in rules governing communications with  
2 the public.

3 (d) INTERIM EFFECTIVENESS OF SAFE HARBOR.—

4 (1) IN GENERAL.—From and after the 120-day  
5 period beginning on the date of enactment of this  
6 Act, if the Commission has not adopted revisions to  
7 section 230.139 of title 17, Code of Federal Regula-  
8 tions, as required by subsection (a), and until such  
9 time as the Commission has done so, a broker or  
10 dealer distributing or publishing a covered invest-  
11 ment fund research report after such date shall be  
12 able to rely on the provisions of section 230.139 of  
13 title 17, Code of Federal Regulations, and the  
14 broker or dealer's publication of such report shall be  
15 deemed to satisfy the conditions of subsection (a)(1)  
16 or (a)(2) of section 230.139 of title 17, Code of Fed-  
17 eral Regulations, if the covered investment fund that  
18 is the subject of such report satisfies the reporting  
19 history requirements (without regard to Form S-3  
20 or Form F-3 eligibility) and minimum float provi-  
21 sions of such subsections for purposes of the Com-  
22 mission's rules and regulations under the Federal  
23 securities laws and the rules of any self-regulatory  
24 organization, as if revised and implemented in ac-  
25 cordance with subsections (a) and (b).

1           (2) STATUS OF COVERED INVESTMENT FUND.—

2           After such period and until the Commission has  
3           adopted revisions to section 230.139 and FINRA  
4           has revised rule 2210, for purposes of subsection  
5           (c)(7)(O) of such rule, a covered investment fund  
6           shall be deemed to be a security that is listed on a  
7           national securities exchange and that is not subject  
8           to section 24(b) of the Investment Company Act of  
9           1940 (15 U.S.C. 80a–24(b)). Communications con-  
10          cerning only covered investment funds that fall with-  
11          in the scope of such section shall not be required to  
12          be filed with FINRA.

13          (e) DEFINITIONS.—For purposes of this section:

14               (1) The term “covered investment fund re-  
15               search report” means a research report published or  
16               distributed by a broker or dealer about a covered in-  
17               vestment fund or any securities issued by the cov-  
18               ered investment fund, but not including a research  
19               report to the extent that it is published or distrib-  
20               uted by the covered investment fund or any affiliate  
21               of the covered investment fund.

22               (2) The term “covered investment fund”  
23               means—

24                       (A) an investment company registered  
25                       under, or that has filed an election to be treated

1 as a business development company under, the  
2 Investment Company Act of 1940 and that has  
3 filed a registration statement under the Securi-  
4 ties Act of 1933 for the public offering of a  
5 class of its securities, which registration state-  
6 ment has been declared effective by the Com-  
7 mission; and

8 (B) a trust or other person—

9 (i) issuing securities in an offering  
10 registered under the Securities Act of 1933  
11 and which class of securities is listed for  
12 trading on a national securities exchange;

13 (ii) the assets of which consist pri-  
14 marily of commodities, currencies, or deriv-  
15 ative instruments that reference commod-  
16 ities or currencies, or interests in the fore-  
17 going; and

18 (iii) that provides in its registration  
19 statement under the Securities Act of 1933  
20 that a class of its securities are purchased  
21 or redeemed, subject to conditions or limi-  
22 tations, for a ratable share of its assets.

23 (3) The term “FINRA” means the Financial  
24 Industry Regulatory Authority.

1           (4) The term “research report” has the mean-  
2           ing given that term under section 2(a)(3) of the Se-  
3           curities Act of 1933 (15 U.S.C. 77b(a)(3)), except  
4           that such term shall not include an oral communica-  
5           tion.

6           (5) The term “self-regulatory organization” has  
7           the meaning given to that term under section  
8           3(a)(26) of the Securities Exchange Act of 1934 (15  
9           U.S.C. 78c(a)(26)).

## 10   **Subtitle F—Accelerating Access to** 11                                   **Capital**

### 12   **SEC. 426. EXPANDED ELIGIBILITY FOR USE OF FORM S-3.**

13           Not later than 45 days after the date of the enact-  
14           ment of this Act, the Securities and Exchange Commission  
15           shall revise Form S-3—

16           (1) so as to permit securities to be registered  
17           pursuant to General Instruction I.B.1. of such form  
18           provided that either—

19                           (A) the aggregate market value of the vot-  
20                           ing and non-voting common equity held by non-  
21                           affiliates of the registrant is \$75,000,000 or  
22                           more; or

23                           (B) the registrant has at least one class of  
24                           common equity securities listed and registered  
25                           on a national securities exchange; and

1 (2) so as to remove the requirement of para-  
2 graph (c) from General Instruction I.B.6. of such  
3 form.

## 4 **Subtitle G—Enhancing the RAISE** 5 **Act**

### 6 **SEC. 431. CERTAIN ACCREDITED INVESTOR TRANS-** 7 **ACTIONS.**

8 Section 4 of the Securities Act of 1933 (15 U.S.C.  
9 77d) is amended—

10 (1) by amending subsection (d) to read as fol-  
11 lows:

12 “(d)(1) The transactions referred to in subsection  
13 (a)(7) are transactions where—

14 “(A) each purchaser is an accredited inves-  
15 tor, as that term is defined in section  
16 230.501(a) of title 17, Code of Federal Regula-  
17 tions (or any successor thereto); and

18 “(B) if any securities sold in reliance on  
19 subsection (a)(7) are offered by means of any  
20 general solicitation or general advertising, all  
21 such sales are made through a platform avail-  
22 able only to accredited investors.

23 “(2) Securities sold in reliance on subsection (a)(7)  
24 shall be deemed to have been acquired in a transaction  
25 not involving any public offering.

1           “(3) The exemption provided by this subsection shall  
2 not be available for a transaction where the seller is—

3                   “(A) an issuer, its subsidiaries or parent;

4                   “(B) an underwriter acting on behalf of the  
5 issuer, its subsidiaries or parent, which receives com-  
6 pensation from the issuer with respect to such sale;  
7 or

8                   “(C) a dealer.

9           “(4) A transaction meeting the requirements of this  
10 subsection shall be deemed not to be a distribution for  
11 purposes of section 2(a)(11).”; and

12                   (2) by striking subsection (e).

13           **Subtitle H—Small Business Credit**  
14                                   **Availability**

15           **SEC. 436. BUSINESS DEVELOPMENT COMPANY OWNERSHIP**  
16                                   **OF SECURITIES OF INVESTMENT ADVISERS**  
17                                   **AND CERTAIN FINANCIAL COMPANIES.**

18           (a) IN GENERAL.—Section 60 of the Investment  
19 Company Act of 1940 (15 U.S.C. 80a–59) is amended—

20                   (1) by striking “Notwithstanding” and insert-  
21 ing “(a) Notwithstanding”;

22                   (2) by striking “except that the Commission  
23 shall not” and inserting the following: “except  
24 that—



1           “(1) section 12 shall not apply to the pur-  
2           chasing, otherwise acquiring, or holding by a busi-  
3           ness development company of any security issued by,  
4           or any other interest in the business of, any person  
5           who is an investment adviser registered under title  
6           II of this Act, who is an investment adviser to an  
7           investment company, or who is an eligible portfolio  
8           company; and

9           “(2) the Commission shall not”;

10          (3) by adding at the end the following:

11          “(b) Nothing in this section shall prevent the Com-  
12          mission from issuing rules to address potential conflicts  
13          of interest between business development companies and  
14          investment advisers.”.

15          (b) DEFINITION OF ELIGIBLE PORTFOLIO COM-  
16          PANY.—Section 2(a)(46)(B) of the Investment Company  
17          Act of 1940 (15 U.S.C. 80a–2(a)(46)(B)) is amended by  
18          inserting before the semicolon the following: “(unless it  
19          is described in paragraph (2), (3), (4), (5), (6), or (9) of  
20          such section)”.

21          (c) INVESTMENT THRESHOLD.—Section 55(a) of the  
22          Investment Company Act of 1940 is amended by inserting  
23          before the colon the following: “, provided that no more  
24          than 50 percent of its total assets are assets described  
25          in section 3(c)”.

1 **SEC. 437. EXPANDING ACCESS TO CAPITAL FOR BUSINESS**  
2 **DEVELOPMENT COMPANIES.**

3 (a) IN GENERAL.—Section 61(a) of the Investment  
4 Company Act of 1940 (15 U.S.C. 80a–60(a)) is amend-  
5 ed—

6 (1) by redesignating paragraphs (2) through  
7 (4) as paragraphs (3) through (5), respectively;

8 (2) by striking paragraph (1) and inserting the  
9 following:

10 “(1) Except as provided in paragraph (2), the  
11 asset coverage requirements of subparagraphs (A)  
12 and (B) of section 18(a)(1) (and any related rule  
13 promulgated under this Act) applicable to business  
14 development companies shall be 200 percent.

15 “(2) The asset coverage requirements of sub-  
16 subparagraphs (A) and (B) of section 18(a)(1) and of  
17 subparagraphs (A) and (B) of section 18(a)(2) (and  
18 any related rule promulgated under this Act) appli-  
19 cable to a business development company shall be  
20 150 percent if—

21 “(A) within five business days of the ap-  
22 proval of the adoption of the asset coverage re-  
23 quirements described in clause (ii), the business  
24 development company discloses such approval  
25 and the date of its effectiveness in a Form 8–  
26 K filed with the Commission and in a notice on

1 its website and discloses in its periodic filings  
2 made under section 13 of the Securities and  
3 Exchange Act of 1934 (15 U.S.C. 78m)—

4 “(i) the aggregate value of the senior  
5 securities issued by such company and the  
6 asset coverage percentage as of the date of  
7 such company’s most recent financial  
8 statements; and

9 “(ii) that such company has adopted  
10 the asset coverage requirements of this  
11 subparagraph and the effective date of  
12 such requirements;

13 “(B) with respect to a business develop-  
14 ment company that issues equity securities that  
15 are registered on a national securities exchange,  
16 the periodic filings of the company under sec-  
17 tion 13(a) of the Securities Exchange Act of  
18 1934 (15 U.S.C. 78m) include disclosures rea-  
19 sonably designed to ensure that shareholders  
20 are informed of—

21 “(i) the amount of indebtedness and  
22 asset coverage ratio of the company, deter-  
23 mined as of the date of the financial state-  
24 ments of the company dated on or most re-  
25 cently before the date of such filing; and

1           “(ii) the principal risk factors associ-  
2           ated with such indebtedness, to the extent  
3           such risk is incurred by the company; and

4           “(C)(i) the application of this paragraph to  
5           the company is approved by the required major-  
6           ity (as defined in section 57(o)) of the directors  
7           of or general partners of such company who are  
8           not interested persons of the business develop-  
9           ment company, which application shall become  
10          effective on the date that is 1 year after the  
11          date of the approval, and, with respect to a  
12          business development company that issues eq-  
13          uity securities that are not registered on a na-  
14          tional securities exchange, the company extends,  
15          to each person who is a shareholder as of the  
16          date of the approval, an offer to repurchase the  
17          equity securities held by such person as of such  
18          approval date, with 25 percent of such securi-  
19          ties to be repurchased in each of the four quar-  
20          ters following such approval date; or

21          “(ii) the company obtains, at a special or  
22          annual meeting of shareholders or partners at  
23          which a quorum is present, the approval of  
24          more than 50 percent of the votes cast of the  
25          application of this paragraph to the company,

1           which application shall become effective on the  
2           date immediately after the date of the ap-  
3           proval.”;

4           (3) in paragraph (3) (as redesignated), by in-  
5           serting “or which is a stock” after “indebtedness”;

6           (4) in subparagraph (A) of paragraph (4) (as  
7           redesignated)—

8                   (A) in the matter preceding clause (i), by  
9                   striking “voting”; and

10                   (B) by amending clause (iii) to read as fol-  
11                   lows:

12                           “(iii) the exercise or conversion price  
13                           at the date of issuance of such warrants,  
14                           options, or rights is not less than—

15                                   “(I) the market value of the se-  
16                                   curities issuable upon the exercise of  
17                                   such warrants, options, or rights at  
18                                   the date of issuance of such warrants,  
19                                   options, or rights; or

20   “(II) if no such market value ex-  
21   ists, the net asset value of the securi-  
22   ties issuable upon the exercise of such  
23   warrants, options, or rights at the  
24   date of issuance of such warrants, op-  
25   tions, or rights; and”;

1 (5) by adding at the end the following:

2 “(6)(A) Except as provided in subparagraph  
3 (B), the following shall not apply to a business de-  
4 velopment company:

5 “(i) Subparagraphs (C) and (D) of section  
6 18(a)(2).

7 “(ii) Subparagraph (E) of section 18(a)(2),  
8 to the extent such subparagraph requires any  
9 priority over any other class of stock as to dis-  
10 tribution of assets upon liquidation.

11 “(iii) With respect to a senior security  
12 which is a stock, subsections (c) and (i) of sec-  
13 tion 18.

14 “(B) Subparagraph (A) shall not apply with re-  
15 spect to preferred stock issued to a person who is  
16 not known by the company to be a qualified institu-  
17 tional buyer (as defined in section 3(a) of the Secu-  
18 rities Exchange Act of 1934).”.

19 (b) CONFORMING AMENDMENTS.—The Investment  
20 Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amend-  
21 ed—

22 (1) in section 57—

23 (A) in subsection (j)(1), by striking “sec-  
24 tion 61(a)(3)(B)” and inserting “section  
25 61(a)(4)(B)”; and

1 (B) in subsection (n)(2), by striking “sec-  
2 tion 61(a)(3)(B)” and inserting “section  
3 61(a)(4)(B)”;

4 (2) in section 63(3), by striking “section  
5 61(a)(3)” and inserting “section 61(a)(4)”.

6 **SEC. 438. PARITY FOR BUSINESS DEVELOPMENT COMPA-**  
7 **NIES REGARDING OFFERING AND PROXY**  
8 **RULES.**

9 (a) REVISION TO RULES.—Not later than 1 year  
10 after the date of enactment of this Act, the Securities and  
11 Exchange Commission shall revise any rules to the extent  
12 necessary to allow a business development company that  
13 has filed an election pursuant to section 54 of the Invest-  
14 ment Company Act of 1940 (15 U.S.C. 80a–53) to use  
15 the securities offering and proxy rules that are available  
16 to other issuers that are required to file reports under sec-  
17 tion 13 or section 15(d) of the Securities Exchange Act  
18 of 1934 (15 U.S.C. 78m; 78o(d)). Any action that the  
19 Commission takes pursuant to this subsection shall in-  
20 clude the following:

21 (1) The Commission shall revise rule 405 under  
22 the Securities Act of 1933 (17 C.F.R. 230.405)—

23 (A) to remove the exclusion of a business  
24 development company from the definition of a

1 well-known seasoned issuer provided by that  
2 rule; and

3 (B) to add registration statements filed on  
4 Form N-2 to the definition of automatic shelf  
5 registration statement provided by that rule.

6 (2) The Commission shall revise rules 168 and  
7 169 under the Securities Act of 1933 (17 C.F.R.  
8 230.168 and 230.169) to remove the exclusion of a  
9 business development company from an issuer that  
10 can use the exemptions provided by those rules.

11 (3) The Commission shall revise rules 163 and  
12 163A under the Securities Act of 1933 (17 C.F.R.  
13 230.163 and 230.163A) to remove a business devel-  
14 opment company from the list of issuers that are in-  
15 eligible to use the exemptions provided by those  
16 rules.

17 (4) The Commission shall revise rule 134 under  
18 the Securities Act of 1933 (17 C.F.R. 230.134) to  
19 remove the exclusion of a business development com-  
20 pany from that rule.

21 (5) The Commission shall revise rules 138 and  
22 139 under the Securities Act of 1933 (17 C.F.R.  
23 230.138 and 230.139) to specifically include a busi-  
24 ness development company as an issuer to which  
25 those rules apply.



1           (6) The Commission shall revise rule 164 under  
2           the Securities Act of 1933 (17 C.F.R. 230.164) to  
3           remove a business development company from the  
4           list of issuers that are excluded from that rule.

5           (7) The Commission shall revise rule 433 under  
6           the Securities Act of 1933 (17 C.F.R. 230.433) to  
7           specifically include a business development company  
8           that is a well-known seasoned issuer as an issuer to  
9           which that rule applies.

10          (8) The Commission shall revise rule 415 under  
11          the Securities Act of 1933 (17 C.F.R. 230.415)—

12                 (A) to state that the registration for secu-  
13                 rities provided by that rule includes securities  
14                 registered by a business development company  
15                 on Form N-2; and

16                 (B) to provide an exception for a business  
17                 development company from the requirement  
18                 that a Form N-2 registrant must furnish the  
19                 undertakings required by item 34.4 of Form N-  
20                 2.

21          (9) The Commission shall revise rule 497 under  
22          the Securities Act of 1933 (17 C.F.R. 230.497) to  
23          include a process for a business development com-  
24          pany to file a form of prospectus that is parallel to

1 the process for filing a form of prospectus under  
2 rule 424(b).

3 (10) The Commission shall revise rules 172 and  
4 173 under the Securities Act of 1933 (17 C.F.R.  
5 230.172 and 230.173) to remove the exclusion of an  
6 offering of a business development company from  
7 those rules.

8 (11) The Commission shall revise rule 418  
9 under the Securities Act of 1933 (17 C.F.R.  
10 230.418) to provide that a business development  
11 company that would otherwise meet the eligibility re-  
12 quirements of General Instruction I.A of Form S-3  
13 shall be exempt from paragraph (a)(3) of that rule.

14 (12) The Commission shall revise rule 14a-101  
15 under the Securities Exchange Act of 1934 (17  
16 C.F.R. 240.14a-101) to provide that a business de-  
17 velopment company that would otherwise meet the  
18 requirements of General Instruction I.A of Form S-  
19 3 shall be deemed to meet the requirements of Form  
20 S-3 for purposes of Schedule 14A.

21 (13) The Commission shall revise rule 103  
22 under Regulation FD (17 C.F.R. 243.103) to pro-  
23 vide that paragraph (a) of that rule applies for pur-  
24 poses of Form N-2.

1 (b) REVISION TO FORM N-2.—Not later than 1 year  
2 after the date of enactment of this Act, the Commission  
3 shall revise Form N-2—

4 (1) to include an item or instruction that is  
5 similar to item 12 on Form S-3 to provide that a  
6 business development company that would otherwise  
7 meet the requirements of Form S-3 shall incor-  
8 porate by reference its reports and documents filed  
9 under the Securities Exchange Act of 1934 into its  
10 registration statement filed on Form N-2; and

11 (2) to include an item or instruction that is  
12 similar to the instruction regarding automatic shelf  
13 offerings by well-known seasoned issuers on Form  
14 S-3 to provide that a business development company  
15 that is a well-known seasoned issuer may file auto-  
16 matic shelf offerings on Form N-2.

17 (c) TREATMENT IF REVISIONS NOT COMPLETED IN  
18 TIMELY MANNER.—If the Commission fails to complete  
19 the revisions required by subsections (a) and (b) by the  
20 time required by such subsections, a business development  
21 company shall be entitled to treat such revisions as having  
22 been completed in accordance with the actions required to  
23 be taken by the Commission by such subsections until such  
24 time as such revisions are completed by the Commission.

1 (d) RULE OF CONSTRUCTION.—Any reference in this  
2 section to a rule or form means such rule or form or any  
3 successor rule or form.

## 4 **Subtitle I—Fostering Innovation**

### 5 **SEC. 441. TEMPORARY EXEMPTION FOR LOW-REVENUE** 6 **ISSUERS.**

7 Section 404 of the Sarbanes-Oxley Act of 2002 (15  
8 U.S.C. 7262) is amended by adding at the end the fol-  
9 lowing:

10 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE  
11 ISSUERS.—

12 “(1) LOW-REVENUE EXEMPTION.—Subsection  
13 (b) shall not apply with respect to an audit report  
14 prepared for an issuer that—

15 “(A) ceased to be an emerging growth  
16 company on the last day of the fiscal year of  
17 the issuer following the fifth anniversary of the  
18 date of the first sale of common equity securi-  
19 ties of the issuer pursuant to an effective reg-  
20 istration statement under the Securities Act of  
21 1933;

22 “(B) had average annual gross revenues of  
23 less than \$50,000,000 as of its most recently  
24 completed fiscal year; and

25 “(C) is not a large accelerated filer.

1           “(2) EXPIRATION OF TEMPORARY EXEMP-  
2           TION.—An issuer ceases to be eligible for the exemp-  
3           tion described under paragraph (1) at the earliest  
4           of—

5                   “(A) the last day of the fiscal year of the  
6           issuer following the tenth anniversary of the  
7           date of the first sale of common equity securi-  
8           ties of the issuer pursuant to an effective reg-  
9           istration statement under the Securities Act of  
10          1933;

11                   “(B) the last day of the fiscal year of the  
12          issuer during which the average annual gross  
13          revenues of the issuer exceed \$50,000,000; or

14                   “(C) the date on which the issuer becomes  
15          a large accelerated filer.

16          “(3) DEFINITIONS.—For purposes of this sub-  
17          section:

18                   “(A) AVERAGE ANNUAL GROSS REVE-  
19          NUES.—The term ‘average annual gross reve-  
20          nues’ means the total gross revenues of an  
21          issuer over its most recently completed three  
22          fiscal years divided by three.

23                   “(B) EMERGING GROWTH COMPANY.—The  
24          term ‘emerging growth company’ has the mean-

1           ing given such term under section 3 of the Se-  
2           curities Exchange Act of 1934 (15 U.S.C. 78c).

3           “(C) LARGE ACCELERATED FILER.—The  
4           term ‘large accelerated filer’ has the meaning  
5           given that term under section 240.12b–2 of title  
6           17, Code of Federal Regulations, or any suc-  
7           cessor thereto.”.

8           **Subtitle J—Small Business Capital**  
9           **Formation Enhancement**

10       **SEC. 446. ANNUAL REVIEW OF GOVERNMENT-BUSINESS**  
11           **FORUM ON CAPITAL FORMATION.**

12           Section 503 of the Small Business Investment Incen-  
13       tive Act of 1980 (15 U.S.C. 80c–1) is amended by adding  
14       at the end the following:

15           “(e) The Commission shall—

16           “(1) review the findings and recommendations  
17           of the forum; and

18           “(2) each time the forum submits a finding or  
19           recommendation to the Commission, promptly issue  
20           a public statement—

21           “(A) assessing the finding or recommenda-  
22           tion of the forum; and

23           “(B) disclosing the action, if any, the Com-  
24           mission intends to take with respect to the find-  
25           ing or recommendation.”.

1     **Subtitle K—Helping Angels Lead**  
2                     **Our Startups**

3     **SEC. 451. DEFINITION OF ANGEL INVESTOR GROUP.**

4         As used in this subtitle, the term “angel investor  
5 group” means any group that—

6             (1) is composed of accredited investors inter-  
7             ested in investing personal capital in early-stage  
8             companies;

9             (2) holds regular meetings and has defined  
10            processes and procedures for making investment de-  
11            cisions, either individually or among the membership  
12            of the group as a whole; and

13            (3) is neither associated nor affiliated with bro-  
14            kers, dealers, or investment advisers.

15     **SEC. 452. CLARIFICATION OF GENERAL SOLICITATION.**

16         (a) IN GENERAL.—Not later than 6 months after the  
17         date of enactment of this Act, the Securities and Ex-  
18         change Commission shall revise Regulation D of its rules  
19         (17 C.F.R. 230.500 et seq.) to require that in carrying  
20         out the prohibition against general solicitation or general  
21         advertising contained in section 230.502(c) of title 17,  
22         Code of Federal Regulations, the prohibition shall not  
23         apply to a presentation or other communication made by  
24         or on behalf of an issuer which is made at an event—

25             (1) sponsored by—

1 (A) the United States or any territory  
2 thereof, by the District of Columbia, by any  
3 State, by a political subdivision of any State or  
4 territory, or by any agency or public instrumen-  
5 tality of any of the foregoing;

6 (B) a college, university, or other institu-  
7 tion of higher education;

8 (C) a nonprofit organization;

9 (D) an angel investor group;

10 (E) a venture forum, venture capital asso-  
11 ciation, or trade association; or

12 (F) any other group, person or entity as  
13 the Securities and Exchange Commission may  
14 determine by rule;

15 (2) where any advertising for the event does not  
16 reference any specific offering of securities by the  
17 issuer;

18 (3) the sponsor of which—

19 (A) does not make investment rec-  
20 ommendations or provide investment advice to  
21 event attendees;

22 (B) does not engage in an active role in  
23 any investment negotiations between the issuer  
24 and investors attending the event;



1 (C) does not charge event attendees any  
2 fees other than administrative fees; and

3 (D) does not receive any compensation  
4 with respect to such event that would require  
5 registration of the sponsor as a broker or a  
6 dealer under the Securities Exchange Act of  
7 1934, or as an investment advisor under the In-  
8 vestment Advisers Act of 1940; and

9 (4) where no specific information regarding an  
10 offering of securities by the issuer is communicated  
11 or distributed by or on behalf of the issuer, other  
12 than—

13 (A) that the issuer is in the process of of-  
14 fering securities or planning to offer securities;

15 (B) the type and amount of securities  
16 being offered;

17 (C) the amount of securities being offered  
18 that have already been subscribed for; and

19 (D) the intended use of proceeds of the of-  
20 fering.

21 (b) RULE OF CONSTRUCTION.—Subsection (a) may  
22 only be construed as requiring the Securities and Ex-  
23 change Commission to amend the requirements of Regula-  
24 tion D with respect to presentations and communications,  
25 and not with respect to purchases or sales.

## 1       **Subtitle L—Main Street Growth**

### 2       **SEC. 456. VENTURE EXCHANGES.**

3           (a) SECURITIES EXCHANGE ACT OF 1934.—Section  
4       6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)  
5       is amended by adding at the end the following:

6           “(m) VENTURE EXCHANGE.—

7               “(1) REGISTRATION.—

8                   “(A) IN GENERAL.—A national securities  
9                   exchange may elect to be treated (or for a list-  
10                   ing tier of such exchange to be treated) as a  
11                   venture exchange by notifying the Commission  
12                   of such election, either at the time the exchange  
13                   applies to be registered as a national securities  
14                   exchange or after registering as a national secu-  
15                   rities exchange.

16               “(B) DETERMINATION TIME PERIOD.—

17               With respect to a securities exchange electing to  
18               be treated (or for a listing tier of such exchange  
19               to be treated) as a venture exchange—

20                   “(i) at the time the exchange applies  
21                   to be registered as a national securities ex-  
22                   change, such application and election shall  
23                   be deemed to have been approved by the  
24                   Commission unless the Commission denies  
25                   such application before the end of the 6-

1 month period beginning on the date the  
2 Commission received such application; and

3 “(ii) after registering as a national se-  
4 curities exchange, such election shall be  
5 deemed to have been approved by the Com-  
6 mission unless the Commission denies such  
7 approval before the end of the 6-month pe-  
8 riod beginning on the date the Commission  
9 received notification of such election.

10 “(2) POWERS AND RESTRICTIONS.—A venture  
11 exchange—

12 “(A) may only constitute, maintain, or pro-  
13 vide a market place or facilities for bringing to-  
14 gether purchasers and sellers of venture securi-  
15 ties;

16 “(B) may determine the increment to be  
17 used for quoting and trading venture securities  
18 on the exchange;

19 “(C) shall disseminate last sale and  
20 quotation information on terms that are fair  
21 and reasonable and not unreasonably discrimi-  
22 natory;

23 “(D) may choose to carry out periodic auc-  
24 tions for the sale of a venture security instead

1 of providing continuous trading of the venture  
2 security; and

3 “(E) may not extend unlisted trading  
4 privileges to any venture security.

5 “(3) EXEMPTIONS FROM CERTAIN NATIONAL  
6 SECURITY EXCHANGE REGULATIONS.—A venture ex-  
7 change shall not be required to—

8 “(A) comply with any of sections 242.600  
9 through 242.612 of title 17, Code of Federal  
10 Regulations;

11 “(B) comply with any of sections 242.300  
12 through 242.303 of title 17, Code of Federal  
13 Regulations;

14 “(C) submit any data to a securities infor-  
15 mation processor; or

16 “(D) use decimal pricing.

17 “(4) TREATMENT OF CERTAIN EXEMPTED SE-  
18 CURITIES.—A security that is exempt from registra-  
19 tion pursuant to section 3(b) of the Securities Act  
20 of 1933 shall be exempt from section 12(a) of this  
21 title with respect to the trading of such security on  
22 a venture exchange, if the issuer of such security is  
23 in compliance with all disclosure obligations of such  
24 section 3(b) and the regulations issued under such  
25 section.

1           “(5) DEFINITIONS.—For purposes of this sub-  
2           section:

3           “(A) EARLY-STAGE, GROWTH COMPANY.—

4                   “(i) IN GENERAL.—The term ‘early-  
5           stage, growth company’ means an issuer—

6                           “(I) that has not made an initial  
7                   public offering of any securities of the  
8                   issuer; and

9                           “(II) with a market capitalization  
10                   of \$1,000,000,000 (as such amount is  
11                   indexed for inflation every 5 years by  
12                   the Commission to reflect the change  
13                   in the Consumer Price Index for All  
14                   Urban Consumers published by the  
15                   Bureau of Labor Statistics, setting  
16                   the threshold to the nearest  
17                   \$1,000,000) or less.

18                   “(ii) TREATMENT WHEN MARKET  
19                   CAPITALIZATION EXCEEDS THRESHOLD.—

20                           “(I) IN GENERAL.—In the case  
21                   of an issuer that is an early-stage,  
22                   growth company the securities of  
23                   which are traded on a venture ex-  
24                   change, such issuer shall not cease to  
25                   be an early-stage, growth company by

1 reason of the market capitalization of  
2 such issuer exceeding the threshold  
3 specified in clause (i)(II) until the end  
4 of the period of 24 consecutive  
5 months during which the market cap-  
6 italization of such issuer exceeds  
7 \$2,000,000,000 (as such amount is  
8 indexed for inflation every 5 years by  
9 the Commission to reflect the change  
10 in the Consumer Price Index for All  
11 Urban Consumers published by the  
12 Bureau of Labor Statistics, setting  
13 the threshold to the nearest  
14 \$1,000,000).

15 “(II) EXEMPTIONS.—If an issuer  
16 would cease to be an early-stage,  
17 growth company under subclause (I),  
18 the venture exchange may, at the re-  
19 quest of the issuer, exempt the issuer  
20 from the market capitalization re-  
21 quirements of this subparagraph for  
22 the 1-year period that begins on the  
23 day after the end of the 24-month pe-  
24 riod described in such subclause. The  
25 venture exchange may, at the request

1 of the issuer, extend the exemption for  
2 1 additional year.

3 “(B) VENTURE SECURITY.—The term  
4 ‘venture security’ means—

5 “(i) securities of an early-stage,  
6 growth company that are exempt from reg-  
7 istration pursuant to section 3(b) of the  
8 Securities Act of 1933; and

9 “(ii) securities of an emerging growth  
10 company.”.

11 (b) SECURITIES ACT OF 1933.—Section 18(b)(1) of  
12 the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is  
13 amended—

14 (1) in subparagraph (B), by striking “or” at  
15 the end;

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

18 (3) by adding at the end the following:

19 “(D) a venture security, as defined under  
20 section 6(m)(5) of the Securities Exchange Act  
21 of 1934.”.

22 (c) SENSE OF CONGRESS.—It is the sense of the Con-  
23 gress that the Securities and Exchange Commission  
24 should—

1           (1) when necessary or appropriate in the public  
2           interest and consistent with the protection of inves-  
3           tors, make use of the Commission's general exemp-  
4           tive authority under section 36 of the Securities Ex-  
5           change Act of 1934 (15 U.S.C. 78mm) with respect  
6           to the provisions added by this section; and

7           (2) if the Commission determines appropriate,  
8           create an Office of Venture Exchanges within the  
9           Commission's Division of Trading and Markets.

10          (d) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
11          tion or the amendments made by this section shall be con-  
12          strued to impair or limit the construction of the antifraud  
13          provisions of the securities laws (as defined in section 3(a)  
14          of the Securities Exchange Act of 1934 (15 U.S.C.  
15          78c(a))) or the authority of the Securities and Exchange  
16          Commission under those provisions.

17          (e) **EFFECTIVE DATE FOR TIERS OF EXISTING NA-**  
18          **TIONAL SECURITIES EXCHANGES.**—In the case of a secu-  
19          rities exchange that is registered as a national securities  
20          exchange under section 6 of the Securities Exchange Act  
21          of 1934 (15 U.S.C. 78f) on the date of the enactment of  
22          this Act, any election for a listing tier of such exchange  
23          to be treated as a venture exchange under subsection (m)  
24          of such section shall not take effect before the date that  
25          is 180 days after such date of enactment.





1        exemption provided under subsection (a)(8) during the  
2        12-month period preceding such transaction.

3            “(3) SMALL OFFERING AMOUNT.—The aggre-  
4        gate amount of all securities sold by the issuer, in-  
5        cluding any amount sold in reliance on the exemp-  
6        tion provided under subsection (a)(8), during the 12-  
7        month period preceding such transaction, does not  
8        exceed \$500,000.”.

9        (b) EXEMPTION UNDER STATE REGULATIONS.—Sec-  
10       tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.  
11       77r(b)(4)) is amended—

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

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

16            (3) by adding at the end the following:

17            “(H) section 4(a)(8).”.

18            **Subtitle N—Private Placement**  
19            **Improvement**

20        **SEC. 466. REVISIONS TO SEC REGULATION D.**

21        Not later than 45 days following the date of the en-  
22        actment of this Act, the Securities and Exchange Commis-  
23        sion shall revise Regulation D (17 C.F.R. 501 et seq.) in  
24        accordance with the following:

1           (1) The Commission shall revise Form D filing  
2 requirements to require an issuer offering or selling  
3 securities in reliance on an exemption provided  
4 under Rule 506 of Regulation D to file with the  
5 Commission a single notice of sales containing the  
6 information required by Form D for each new offer-  
7 ing of securities no earlier than 15 days after the  
8 date of the first sale of securities in the offering.  
9 The Commission shall not require such an issuer to  
10 file any notice of sales containing the information re-  
11 quired by Form D except for the single notice de-  
12 scribed in the previous sentence.

13           (2) The Commission shall make the information  
14 contained in each Form D filing available to the se-  
15 curities commission (or any agency or office per-  
16 forming like functions) of each State and territory of  
17 the United States and the District of Columbia.

18           (3) The Commission shall not condition the  
19 availability of any exemption for an issuer under  
20 Rule 506 of Regulation D (17 C.F.R. 230.506) on  
21 the issuer's or any other person's filing with the  
22 Commission of a Form D or any similar report.

23           (4) The Commission shall not require issuers to  
24 submit written general solicitation materials to the  
25 Commission in connection with a Rule 506(c) offer-

1 ing, except when the Commission requests such ma-  
2 terials pursuant to the Commission’s authority  
3 under section 8A or section 20 of the Securities Act  
4 of 1933 (15 U.S.C. 77h–1 or 77t) or section 9,  
5 10(b), 21A, 21B, or 21C of the Securities Exchange  
6 Act of 1934 (15 U.S.C. 78i, 78j(b), 78u–1, 78u–2,  
7 or 78u–3).

8 (5) The Commission shall not extend the re-  
9 quirements contained in Rule 156 to private funds.

10 (6) The Commission shall revise Rule 501(a) of  
11 Regulation D to provide that a person who is a  
12 “knowledgeable employee” of a private fund or the  
13 fund’s investment adviser, as defined in Rule 3c–  
14 5(a)(4) (17 C.F.R. 270.3c–5(a)(4)), shall be an ac-  
15 credited investor for purposes of a Rule 506 offering  
16 of a private fund with respect to which the person  
17 is a knowledgeable employee.

## 18 **Subtitle O—Supporting America’s** 19 **Innovators**

### 20 **SEC. 471. INVESTOR LIMITATION FOR QUALIFYING VEN-** 21 **TURE CAPITAL FUNDS.**

22 Section 3(c)(1) of the Investment Company Act of  
23 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

1           (1) by inserting after “one hundred persons”  
2           the following: “(or, with respect to a qualifying ven-  
3           ture capital fund, 500 persons)”; and

4           (2) by adding at the end the following:

5                   “(C) The term ‘qualifying venture capital  
6           fund’ means any venture capital fund (as de-  
7           fined pursuant to section 203(l)(1) of the In-  
8           vestment Advisers Act of 1940 (15 U.S.C. 80b-  
9           3(l)(1)) with no more than \$50,000,000 in ag-  
10          gregate capital contributions and uncalled com-  
11          mitted capital, as such dollar amount is annu-  
12          ally adjusted by the Commission to reflect the  
13          change in the Consumer Price Index for All  
14          Urban Consumers published by the Bureau of  
15          Labor Statistics of the Department of Labor.”.

## 16           **Subtitle P—Fix Crowdfunding**

### 17           **SEC. 476. CROWDFUNDING EXEMPTION.**

18           (a) SECURITIES ACT OF 1933.—Section 4(a) of the  
19           Securities Act of 1933 (15 U.S.C. 77d) is amended by  
20           striking paragraph (6) and inserting the following:

21                   “(6) transactions involving the offer or sale of  
22           securities by an issuer, provided that—

23                           “(A) in the case of a transaction involving  
24           an intermediary between the issuer and the in-

1 investor, such intermediary complies with the re-  
2 quirements under section 4A(a); and

3 “(B) in the case of a transaction not in-  
4 volving an intermediary between the issuer and  
5 the investor, the issuer complies with the re-  
6 quirements under section 4A(b).”.

7 (b) REQUIREMENTS TO QUALIFY FOR  
8 CROWDFUNDING EXEMPTION.—Section 4A of the Securi-  
9 ties Act of 1933 (15 U.S.C. 77d–1) is amended to read  
10 as follows:

11 **“SEC. 4A. REQUIREMENTS WITH RESPECT TO CERTAIN**  
12 **SMALL TRANSACTIONS.**

13 “(a) REQUIREMENTS ON INTERMEDIARIES.—For  
14 purposes of section 4(a)(6), a person acting as an inter-  
15 mediary in a transaction involving the offer or sale of secu-  
16 rities shall comply with the requirements of this subsection  
17 if the intermediary—

18 “(1) warns investors, including on the  
19 intermediary’s website used for the offer and sale of  
20 such securities, of the speculative nature generally  
21 applicable to investments in startups, emerging busi-  
22 nesses, and small issuers, including risks in the sec-  
23 ondary market related to illiquidity;

1           “(2) warns investors that they are subject to  
2           the restriction on sales requirement described under  
3           subsection (e);

4           “(3) takes reasonable measures to reduce the  
5           risk of fraud with respect to such transaction;

6           “(4) registers with the Commission and the Fi-  
7           nancial Industry Regulatory Authority, including by  
8           providing the Commission with the intermediary’s  
9           physical address, website address, and the names of  
10          the intermediary and employees of the intermediary,  
11          and keep such information up-to-date;

12          “(5) provides the Commission with continuous  
13          investor-level access to the intermediary’s website;

14          “(6) requires each potential investor to answer  
15          questions demonstrating—

16                 “(A) an understanding of the level of risk  
17                 generally applicable to investments in startups,  
18                 emerging businesses, and small issuers;

19                 “(B) an understanding of the risk of  
20                 illiquidity; and

21                 “(C) such other areas as the Commission  
22                 may determine appropriate by rule or regula-  
23                 tion, including information relating to the own-  
24                 ers’ and management’s experience, and any re-

1           lated party transactions and conflicts of inter-  
2           est;

3           “(7) carries out a background check on the  
4           issuer’s principals;

5           “(8) provides the Commission and potential in-  
6           vestors with notice of the offering not less than 10  
7           days prior to such offering, not later than the first  
8           day securities are offered to potential investors, in-  
9           cluding—

10                   “(A) the issuer’s name, legal status, phys-  
11                   ical address, and website address;

12                   “(B) the names of the issuer’s principals;

13                   “(C) the stated purpose and intended use  
14                   of the proceeds of the offering sought by the  
15                   issuer; and

16                   “(D) the target offering amount and the  
17                   deadline to reach the target offering amount;

18           “(9) outsources cash-management functions to  
19           a qualified third party custodian, such as a broker  
20           or dealer registered under section 15(b)(1) of the  
21           Securities Exchange Act of 1934, a trust company,  
22           or an insured depository institution;

23           “(10) makes available on the intermediary’s  
24           website a method of communication that permits the



1 issuer and investors to communicate with one an-  
2 other;

3 “(11) provides the Commission with a notice  
4 upon completion of the offering, which shall include  
5 the aggregate offering amount and the number of  
6 purchasers; and

7 “(b) REQUIREMENTS ON ISSUERS IF NO INTER-  
8 MEDIARY.—For purposes of section 4(a)(6), an issuer who  
9 offers or sells securities without an intermediary shall  
10 comply with the requirements of this subsection if the  
11 issuer—

12 “(1) warns investors, including on the issuer’s  
13 website, of the speculative nature generally applica-  
14 ble to investments in startups, emerging businesses,  
15 and small issuers, including risks in the secondary  
16 market related to illiquidity;

17 “(2) warns investors that they are subject to  
18 the restriction on sales requirement described under  
19 subsection (e);

20 “(3) takes reasonable measures to reduce the  
21 risk of fraud with respect to such transaction;

22 “(4) provides the Commission with the issuer’s  
23 physical address, website address, and the names of  
24 the principals and employees of the issuers, and  
25 keeps such information up-to-date;

1           “(5) provides the Commission with continuous  
2 investor-level access to the issuer’s website;

3           “(6) requires each potential investor to answer  
4 questions demonstrating—

5                 “(A) an understanding of the level of risk  
6 generally applicable to investments in startups,  
7 emerging businesses, and small issuers;

8                 “(B) an understanding of the risk of  
9 illiquidity; and

10                “(C) such other areas as the Commission  
11 may determine appropriate by rule or regula-  
12 tion;

13           “(7) provides the Commission with notice of the  
14 offering not less than 10 days prior to such offering,  
15 not later than the first day securities are offered to  
16 potential investors, including—

17                 “(A) the stated purpose and intended use  
18 of the proceeds of the offering sought by the  
19 issuer; and

20                 “(B) the target offering amount and the  
21 deadline to reach the target offering amount;

22           “(8) outsources cash-management functions to  
23 a qualified third party custodian, such as a broker  
24 or dealer registered under section 15(b)(1) of the

1 Securities Exchange Act of 1934, a trust company,  
2 or an insured depository institution;

3 “(9) makes available on the issuer’s website a  
4 method of communication that permits the issuer  
5 and investors to communicate with one another;

6 “(10) does not offer personalized investment  
7 advice;

8 “(11) provides the Commission with a notice  
9 upon completion of the offering, which shall include  
10 the aggregate offering amount and the number of  
11 purchasers; and

12 “(c) VERIFICATION OF INCOME.—For purposes of  
13 section 4(a)(6), an issuer or intermediary may rely on cer-  
14 tifications as to annual income provided by the person to  
15 whom the securities are sold to verify the investor’s in-  
16 come.

17 “(d) INFORMATION AVAILABLE TO STATES.—The  
18 Commission shall make the notices described under sub-  
19 sections (a)(9), (a)(13), (b)(8), and (b)(13) and the infor-  
20 mation described under subsections (a)(4) and (b)(4)  
21 available to the States.

22 “(e) RESTRICTION ON SALES.—With respect to a  
23 transaction involving the issuance of securities described  
24 under section 4(a)(6), a purchaser may not transfer such

1 securities during the 1-year period beginning on the date  
2 of purchase, unless such securities are sold to—

3 “(1) the issuer of such securities; or

4 “(2) an accredited investor.

5 “(f) CONSTRUCTION.—

6 “(1) NO REGISTRATION AS BROKER.—With re-  
7 spect to a transaction described under section  
8 4(a)(6) involving an intermediary, such intermediary  
9 shall not be required to register as a broker under  
10 section 15(a)(1) of the Securities Exchange Act of  
11 1934 solely by reason of participation in such trans-  
12 action.

13 “(2) NO PRECLUSION OF OTHER CAPITAL RAIS-  
14 ING.—Nothing in this section or section 4(a)(6)  
15 shall be construed as preventing an issuer from rais-  
16 ing capital through methods not described under  
17 section 4(a)(6).”.

18 (c) RULEMAKING.—Not later than 180 days after the  
19 date of enactment of this Act, the Securities and Ex-  
20 change Commission shall issue or revise such rules as may  
21 be necessary to carry out section 4A of the Securities Act  
22 of 1933, as amended by this Act. In issuing or revising  
23 such rules, the Commission shall consider the costs and  
24 benefits of the action.

1 (d) DISQUALIFICATION.—Not later than 180 days  
2 after the date of enactment of this Act, the Securities and  
3 Exchange Commission shall by rule or regulation establish  
4 disqualification provisions under which an issuer shall not  
5 be eligible to utilize the exemption under section 4(a)(6)  
6 of the Securities Act of 1933 (as amended by this Act)  
7 based on the disciplinary history of the issuer or its prede-  
8 cessors, affiliates, officers, directors, or persons fulfilling  
9 similar roles. The Commission shall also establish disquali-  
10 fication provisions under which an intermediary shall not  
11 be eligible to act as an intermediary in connection with  
12 an offering utilizing the exemption under section 4(a)(6)  
13 of the Securities Act of 1933 based on the disciplinary  
14 history of the intermediary or its predecessors, affiliates,  
15 officers, directors, or persons fulfilling similar roles. Such  
16 provisions shall be substantially similar to the disqualifica-  
17 tion provisions contained in the regulations adopted in ac-  
18 cordance with section 926 of the Dodd-Frank Wall Street  
19 Reform and Consumer Protection Act (15 U.S.C. 77d  
20 note).

21 **SEC. 477. EXCLUSION OF CROWDFUNDING INVESTORS**  
22 **FROM SHAREHOLDER CAP.**

23 Section 12(g)(5) of the Securities Exchange Act of  
24 1934 (15 U.S.C. 78l(g)(5)) is amended—

1 (1) by striking “(5) For the purposes” and in-  
2 serting:

3 “(5) DEFINITIONS.—

4 “(A) IN GENERAL.—For the purposes”;  
5 and

6 (2) by adding at the end the following:

7 “(B) EXCLUSION FOR PERSONS HOLDING  
8 CERTAIN SECURITIES.—For purposes of this  
9 subsection, securities held by persons who pur-  
10 chase such securities in transactions described  
11 under section 4(a)(6) of the Securities Act of  
12 1933 shall not be deemed to be ‘held of  
13 record.’”.

14 **SEC. 478. PREEMPTION OF STATE LAW.**

15 (a) IN GENERAL.—Section 18(b)(4)(C) of the Securi-  
16 ties Act of 1933 (15 U.S.C. 77r(b)(4)(C)) is amended by  
17 striking “section 4(6)” and inserting “section 4(a)(6)”.

18 (b) CLARIFICATION OF THE PRESERVATION OF  
19 STATE ENFORCEMENT AUTHORITY.—

20 (1) IN GENERAL.—The amendments made by  
21 subsection (a) relate solely to State registration, doc-  
22 umentation, and offering requirements, as described  
23 under section 18(a) of Securities Act of 1933 (15  
24 U.S.C. 77r(a)), and shall have no impact or limita-  
25 tion on other State authority to take enforcement

1 action with regard to an issuer, intermediary, or any  
2 other person or entity using the exemption from reg-  
3 istration provided by section 4(a)(6) of such Act, ex-  
4 cept that a State may not impose any fees under  
5 such authority.

6 (2) CLARIFICATION OF STATE JURISDICTION  
7 OVER UNLAWFUL CONDUCT OF INTERMEDIARIES,  
8 ISSUERS, AND CUSTODIANS.—Section 18(c)(1) of the  
9 Securities Act of 1933 is amended by striking “in  
10 connection with securities or securities transactions”  
11 and all that follows and inserting the following: “,  
12 in connection with securities or securities trans-  
13 actions, with respect to—

14 “(A) fraud or deceit;

15 “(B) unlawful conduct by a broker or deal-  
16 er; and

17 “(C) with respect to a transaction de-  
18 scribed under section 4(a)(6), unlawful conduct  
19 by an intermediary, issuer, or custodian.”.

20 **SEC. 479. TREATMENT OF FUNDING PORTALS.**

21 Section 5312(c) of title 31, United States Code, is  
22 amended by adding at the end the following:

23 “(2) FUNDING PORTALS NOT INCLUDED IN  
24 DEFINITION.—The term ‘financial institution’ (as  
25 defined in subsection (a)) does not include a funding

1 portal (as defined under section 3(a) of the Securi-  
2 ties Exchange Act of 1934 (15 U.S.C. 78c(a))).”.

3 **Subtitle Q—Corporate Governance**  
4 **Reform and Transparency**

5 **SEC. 481. DEFINITIONS.**

6 (a) SECURITIES EXCHANGE ACT OF 1934.—Section  
7 3(a) of the Securities Exchange Act of 1934 (15 U.S.C.  
8 78c(a)) is amended by adding at the end the following new  
9 paragraphs:

10 “(83) PROXY ADVISORY FIRM.—The term  
11 ‘proxy advisory firm’ means any person who is pri-  
12 marily engaged in the business of providing proxy  
13 voting research, analysis, or recommendations to cli-  
14 ents, which conduct constitutes a solicitation within  
15 the meaning of section 14 and the Commission’s  
16 rules and regulations thereunder, except to the ex-  
17 tent that the person is exempted by such rules and  
18 regulations from requirements otherwise applicable  
19 to persons engaged in a solicitation.

20 “(84) PERSON ASSOCIATED WITH A PROXY AD-  
21 VISORY FIRM.—The term ‘person associated with’ a  
22 proxy advisory firm means any partner, officer, or  
23 director of a proxy advisory firm (or any person oc-  
24 cupying a similar status or performing similar func-  
25 tions), any person directly or indirectly controlling,



1 controlled by, or under common control with a proxy  
2 advisory firm, or any employee of a proxy advisory  
3 firm, except that persons associated with a proxy ad-  
4 visory firm whose functions are clerical or ministe-  
5 rial shall not be included in the meaning of such  
6 term. The Commission may by rules and regulations  
7 classify, for purposes or any portion or portions of  
8 this Act, persons, including employees controlled by  
9 a proxy advisory firm.”.

10 (b) APPLICABLE DEFINITIONS.—As used in this sub-  
11 title—

12 (1) the term “Commission” means the Securi-  
13 ties and Exchange Commission; and

14 (2) the term “proxy advisory firm” has the  
15 same meaning as in section 3(a)(83) of the Securi-  
16 ties Exchange Act of 1934, as added by this subtitle.

17 **SEC. 482. REGISTRATION OF PROXY ADVISORY FIRMS.**

18 (a) AMENDMENT.—The Securities Exchange Act of  
19 1934 is amended by inserting after section 15G the fol-  
20 lowing new section:

21 **“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.**

22 “(a) CONDUCT PROHIBITED.—It shall be unlawful  
23 for a proxy advisory firm to make use of the mails or any  
24 means or instrumentality of interstate commerce to pro-  
25 vide proxy voting research, analysis, or recommendations

1 to any client, unless such proxy advisory firm is registered  
2 under this section.

3 “(b) REGISTRATION PROCEDURES.—

4 “(1) APPLICATION FOR REGISTRATION.—

5 “(A) IN GENERAL.—A proxy advisory firm  
6 must file with the Commission an application  
7 for registration, in such form as the Commis-  
8 sion shall require, by rule or regulation, and  
9 containing the information described in sub-  
10 paragraph (B).

11 “(B) REQUIRED INFORMATION.—An appli-  
12 cation for registration under this section shall  
13 contain information regarding—

14 “(i) a certification that the applicant  
15 has adequate financial and managerial re-  
16 sources to consistently provide proxy advice  
17 based on accurate information;

18 “(ii) the procedures and methodolo-  
19 gies that the applicant uses in developing  
20 proxy voting recommendations, including  
21 whether and how the applicant considers  
22 the size of a company when making proxy  
23 voting recommendations;

24 “(iii) the organizational structure of  
25 the applicant;

1                   “(iv) whether or not the applicant has  
2                   in effect a code of ethics, and if not, the  
3                   reasons therefor;

4                   “(v) any potential or actual conflict of  
5                   interest relating to the ownership structure  
6                   of the applicant or the provision of proxy  
7                   advisory services by the applicant, includ-  
8                   ing whether the proxy advisory firm en-  
9                   gages in services ancillary to the provision  
10                  of proxy advisory services such as con-  
11                  sulting services for corporate issuers, and  
12                  if so the revenues derived therefrom;

13                  “(vi) the policies and procedures in  
14                  place to manage conflicts of interest under  
15                  subsection (f); and

16                  “(vii) any other information and docu-  
17                  ments concerning the applicant and any  
18                  person associated with such applicant as  
19                  the Commission, by rule, may prescribe as  
20                  necessary or appropriate in the public in-  
21                  terest or for the protection of investors.

22                  “(2) REVIEW OF APPLICATION.—

23                  “(A) INITIAL DETERMINATION.—Not later  
24                  than 90 days after the date on which the appli-  
25                  cation for registration is filed with the Commis-

1           sion under paragraph (1) (or within such longer  
2           period as to which the applicant consents) the  
3           Commission shall—

4                   “(i) by order, grant registration; or

5                   “(ii) institute proceedings to deter-  
6           mine whether registration should be de-  
7           nied.

8           “(B) CONDUCT OF PROCEEDINGS.—

9                   “(i) CONTENT.—Proceedings referred  
10          to in subparagraph (A)(ii) shall—

11                   “(I) include notice of the grounds  
12          for denial under consideration and an  
13          opportunity for hearing; and

14                   “(II) be concluded not later than  
15          120 days after the date on which the  
16          application for registration is filed  
17          with the Commission under paragraph  
18          (1).

19                   “(ii) DETERMINATION.—At the con-  
20          clusion of such proceedings, the Commis-  
21          sion, by order, shall grant or deny such ap-  
22          plication for registration.

23                   “(iii) EXTENSION AUTHORIZED.—The  
24          Commission may extend the time for con-  
25          clusion of such proceedings for not longer

1           than 90 days, if it finds good cause for  
2           such extension and publishes its reasons  
3           for so finding, or for such longer period as  
4           to which the applicant consents.

5           “(C) GROUNDS FOR DECISION.—The Com-  
6           mission shall grant registration under this sub-  
7           section—

8                   “(i) if the Commission finds that the  
9                   requirements of this section are satisfied;  
10                  and

11                   “(ii) unless the Commission finds (in  
12                   which case the Commission shall deny such  
13                   registration) that—

14                           “(I) the applicant has failed to  
15                           certify to the Commission’s satisfac-  
16                           tion that it has adequate financial and  
17                           managerial resources to consistently  
18                           provide proxy advice based on accu-  
19                           rate information and to materially  
20                           comply with the procedures and meth-  
21                           odologies disclosed under paragraph  
22                           (1)(B) and with subsections (f) and  
23                           (g); or

24                           “(II) if the applicant were so reg-  
25                           istered, its registration would be sub-

1                   ject to suspension or revocation under  
2                   subsection (e).

3                   “(3) PUBLIC AVAILABILITY OF INFORMATION.—

4                   Subject to section 24, the Commission shall make  
5                   the information and documents submitted to the  
6                   Commission by a proxy advisory firm in its com-  
7                   pleted application for registration, or in any amend-  
8                   ment submitted under paragraph (1) or (2) of sub-  
9                   section (e), publicly available on the Commission’s  
10                  website, or through another comparable, readily ac-  
11                  cessible means.

12                  “(c) UPDATE OF REGISTRATION.—

13                  “(1) UPDATE.—Each registered proxy advisory  
14                  firm shall promptly amend and update its applica-  
15                  tion for registration under this section if any infor-  
16                  mation or document provided therein becomes mate-  
17                  rially inaccurate, except that a registered proxy advi-  
18                  sory firm is not required to amend the information  
19                  required to be filed under subsection (b)(1)(B)(i) by  
20                  filing information under this paragraph, but shall  
21                  amend such information in the annual submission of  
22                  the organization under paragraph (2) of this sub-  
23                  section.

24                  “(2) CERTIFICATION.—Not later than 90 cal-  
25                  endar days after the end of each calendar year, each

1 registered proxy advisory firm shall file with the  
2 Commission an amendment to its registration, in  
3 such form as the Commission, by rule, may prescribe  
4 as necessary or appropriate in the public interest or  
5 for the protection of investors—

6 “(A) certifying that the information and  
7 documents in the application for registration of  
8 such registered proxy advisory firm continue to  
9 be accurate in all material respects; and

10 “(B) listing any material change that oc-  
11 curred to such information or documents during  
12 the previous calendar year.

13 “(d) CENSURE, DENIAL, OR SUSPENSION OF REG-  
14 ISTRATION; NOTICE AND HEARING.—The Commission, by  
15 order, shall censure, place limitations on the activities,  
16 functions, or operations of, suspend for a period not ex-  
17 ceeding 12 months, or revoke the registration of any reg-  
18 istered proxy advisory firm if the Commission finds, on  
19 the record after notice and opportunity for hearing, that  
20 such censure, placing of limitations, suspension, or revoca-  
21 tion is necessary for the protection of investors and in the  
22 public interest and that such registered proxy advisory  
23 firm, or any person associated with such an organization,  
24 whether prior to or subsequent to becoming so associ-  
25 ated—

1           “(1) has committed or omitted any act, or is  
2           subject to an order or finding, enumerated in sub-  
3           paragraph (A), (D), (E), (H), or (G) of section  
4           15(b)(4), has been convicted of any offense specified  
5           in section 15(b)(4)(B), or is enjoined from any ac-  
6           tion, conduct, or practice specified in subparagraph  
7           (C) of section 15(b)(4), during the 10-year period  
8           preceding the date of commencement of the pro-  
9           ceedings under this subsection, or at any time there-  
10          after;

11          “(2) has been convicted during the 10-year pe-  
12          riod preceding the date on which an application for  
13          registration is filed with the Commission under this  
14          section, or at any time thereafter, of—

15                 “(A) any crime that is punishable by im-  
16                 prisonment for one or more years, and that is  
17                 not described in section 15(b)(4)(B); or

18                 “(B) a substantially equivalent crime by a  
19                 foreign court of competent jurisdiction;

20          “(3) is subject to any order of the Commission  
21          barring or suspending the right of the person to be  
22          associated with a registered proxy advisory firm;

23          “(4) fails to furnish the certifications required  
24          under subsections (b)(2)(C)(ii)(I) and (c)(2);



1           “(5) has engaged in one or more prohibited acts  
2 enumerated in paragraph (1); or

3           “(6) fails to maintain adequate financial and  
4 managerial resources to consistently offer advisory  
5 services with integrity, including by failing to comply  
6 with subsections (f) or (g).

7           “(e) TERMINATION OF REGISTRATION.—

8           “(1) VOLUNTARY WITHDRAWAL.—A registered  
9 proxy advisory firm may, upon such terms and con-  
10 ditions as the Commission may establish as nec-  
11 essary in the public interest or for the protection of  
12 investors, which terms and conditions shall include  
13 at a minimum that the registered proxy advisory  
14 firm will no longer conduct such activities as to  
15 bring it within the definition of proxy advisory firm  
16 in section 3(a)(83) of the Securities Exchange Act  
17 of 1934, withdraw from registration by filing a writ-  
18 ten notice of withdrawal to the Commission.

19           “(2) COMMISSION AUTHORITY.—In addition to  
20 any other authority of the Commission under this  
21 title, if the Commission finds that a registered proxy  
22 advisory firm is no longer in existence or has ceased  
23 to do business as a proxy advisory firm, the Com-  
24 mission, by order, shall cancel the registration under  
25 this section of such registered proxy advisory firm.

1 “(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

2 “(1) ORGANIZATION POLICIES AND PROCE-  
3 DURES.—Each registered proxy advisory firm shall  
4 establish, maintain, and enforce written policies and  
5 procedures reasonably designed, taking into consid-  
6 eration the nature of the business of such registered  
7 proxy advisory firm and associated persons, to ad-  
8 dress and manage any conflicts of interest that can  
9 arise from such business.

10 “(2) COMMISSION AUTHORITY.—The Commis-  
11 sion shall issue final rules to prohibit, or require the  
12 management and disclosure of, any conflicts of inter-  
13 est relating to the offering of proxy advisory services  
14 by a registered proxy advisory firm, including, with-  
15 out limitation, conflicts of interest relating to—

16 “(A) the manner in which a registered  
17 proxy advisory firm is compensated by the cli-  
18 ent, or any affiliate of the client, for providing  
19 proxy advisory services;

20 “(B) the provision of consulting, advisory,  
21 or other services by a registered proxy advisory  
22 firm, or any person associated with such reg-  
23 istered proxy advisory firm, to the client;

24 “(C) business relationships, ownership in-  
25 terests, or any other financial or personal inter-

1           ests between a registered proxy advisory firm,  
2           or any person associated with such registered  
3           proxy advisory firm, and any client, or any af-  
4           filiate of such client;

5           “(D) transparency around the formulation  
6           of proxy voting policies;

7           “(E) the execution of proxy votes if such  
8           votes are based upon recommendations made by  
9           the proxy advisory firm in which someone other  
10          than the issuer is a proponent;

11          “(F) issuing recommendations where proxy  
12          advisory firms provide advisory services to a  
13          company; and

14          “(G) any other potential conflict of inter-  
15          est, as the Commission deems necessary or ap-  
16          propriate in the public interest or for the pro-  
17          tection of investors.

18          “(g) RELIABILITY OF PROXY ADVISORY FIRM SERV-  
19          ICES.—

20                 “(1) IN GENERAL.—Each registered proxy advi-  
21                 sory firm shall have staff sufficient to produce proxy  
22                 voting recommendations that are based on accurate  
23                 and current information. Each registered proxy advi-  
24                 sory firm shall detail procedures sufficient to permit  
25                 companies receiving proxy advisory firm rec-

1       ommendations access in a reasonable time to the  
2       draft recommendations, with an opportunity to pro-  
3       vide meaningful comment thereon, including the op-  
4       portunity to present details to the person responsible  
5       for developing the recommendation in person or tele-  
6       phonically. Each registered proxy advisory firm shall  
7       employ an ombudsman to receive complaints about  
8       the accuracy of voting information used in making  
9       recommendations from the subjects of the proxy ad-  
10      visory firm’s voting recommendations, and shall re-  
11      solve those complaints in a timely fashion and in any  
12      event prior to voting on the matter to which the rec-  
13      ommendation relates.

14               “(2) DRAFT RECOMMENDATIONS DEFINED.—  
15      For purposes of this subsection, the term ‘draft rec-  
16      ommendations’—

17                       “(A) means the overall conclusions of  
18                       proxy voting recommendations prepared for the  
19                       clients of a proxy advisory firm, including any  
20                       public data cited therein, any company informa-  
21                       tion or substantive analysis impacting the rec-  
22                       ommendation, and the specific voting rec-  
23                       ommendations on individual proxy ballot issues;  
24                       and

1                   “(B) does not include the entirety of the  
2                   proxy advisory firm’s final report to its clients.

3                   “(h) DESIGNATION OF COMPLIANCE OFFICER.—

4 Each registered proxy advisory firm shall designate an in-  
5 dividual responsible for administering the policies and pro-  
6 cedures that are required to be established pursuant to  
7 subsections (f) and (g), and for ensuring compliance with  
8 the securities laws and the rules and regulations there-  
9 under, including those promulgated by the Commission  
10 pursuant to this section.

11                   “(i) PROHIBITED CONDUCT.—

12                   “(1) PROHIBITED ACTS AND PRACTICES.—The  
13 Commission shall issue final rules to prohibit any  
14 act or practice relating to the offering of proxy advi-  
15 sory services by a registered proxy advisory firm  
16 that the Commission determines to be unfair or co-  
17 ercive, including any act or practice relating to—

18                   “(A) conditioning a voting recommendation  
19 or other proxy advisory firm recommendation  
20 on the purchase by an issuer or an affiliate  
21 thereof of other services or products, of the reg-  
22 istered proxy advisory firm or any person asso-  
23 ciated with such registered proxy advisory firm;  
24 and

1           “(B) modifying a voting recommendation  
2           or otherwise departing from its adopted system-  
3           atic procedures and methodologies in the provi-  
4           sion of proxy advisory services, based on wheth-  
5           er an issuer, or affiliate thereof, subscribes or  
6           will subscribe to other services or product of the  
7           registered proxy advisory firm or any person as-  
8           sociated with such organization.

9           “(2) RULE OF CONSTRUCTION.—Nothing in  
10          paragraph (1), or in any rules or regulations adopt-  
11          ed thereunder, may be construed to modify, impair,  
12          or supersede the operation of any of the antitrust  
13          laws (as defined in the first section of the Clayton  
14          Act, except that such term includes section 5 of the  
15          Federal Trade Commission Act, to the extent that  
16          such section 5 applies to unfair methods of competi-  
17          tion).

18          “(j) STATEMENTS OF FINANCIAL CONDITION.—Each  
19          registered proxy advisory firm shall, on a confidential  
20          basis, file with the Commission, at intervals determined  
21          by the Commission, such financial statements, certified (if  
22          required by the rules or regulations of the Commission)  
23          by an independent public auditor, and information con-  
24          cerning its financial condition, as the Commission, by rule,

1 may prescribe as necessary or appropriate in the public  
2 interest or for the protection of investors.

3 “(k) ANNUAL REPORT.—Each registered proxy advi-  
4 sory firm shall, at the beginning of each fiscal year of such  
5 firm, report to the Commission on the number of share-  
6 holder proposals its staff reviewed in the prior fiscal year,  
7 the number of recommendations made in the prior fiscal  
8 year, the number of staff who reviewed and made rec-  
9 ommendations on such proposals in the prior fiscal year,  
10 and the number of recommendations made in the prior  
11 fiscal year where the proponent of such recommendation  
12 was a client of or received services from the proxy advisory  
13 firm.

14 “(l) TRANSPARENT POLICIES.—Each registered  
15 proxy advisory firm shall file with the Commission and  
16 make publicly available its methodology for the formula-  
17 tion of proxy voting policies and voting recommendations.

18 “(m) RULES OF CONSTRUCTION.—

19 “(1) NO WAIVER OF RIGHTS, PRIVILEGES, OR  
20 DEFENSES.—Registration under and compliance  
21 with this section does not constitute a waiver of, or  
22 otherwise diminish, any right, privilege, or defense  
23 that a registered proxy advisory firm may otherwise  
24 have under any provision of State or Federal law,  
25 including any rule, regulation, or order thereunder.

1           “(2) NO PRIVATE RIGHT OF ACTION.—Nothing  
2           in this section may be construed as creating any pri-  
3           vate right of action, and no report filed by a reg-  
4           istered proxy advisory firm in accordance with this  
5           section or section 17 shall create a private right of  
6           action under section 18 or any other provision of  
7           law.

8           “(n) REGULATIONS.—

9           “(1) NEW PROVISIONS.—Such rules and regula-  
10          tions as are required by this section or are otherwise  
11          necessary to carry out this section, including the ap-  
12          plication form required under subsection (a)—

13                 “(A) shall be issued by the Commission,  
14                 not later than 180 days after the date of enact-  
15                 ment of this section; and

16                 “(B) shall become effective not later than  
17                 1 year after the date of enactment of this sec-  
18                 tion.

19           “(2) REVIEW OF EXISTING REGULATIONS.—Not  
20          later than 270 days after the date of enactment of  
21          this section, the Commission shall—

22                 “(A) review its existing rules and regula-  
23                 tions which affect the operations of proxy advi-  
24                 sory firms;



1           “(B) amend or revise such rules and regu-  
2           lations in accordance with the purposes of this  
3           section, and issue such guidance, as the Com-  
4           mission may prescribe as necessary or appro-  
5           priate in the public interest or for the protec-  
6           tion of investors; and

7           “(C) direct Commission staff to withdraw  
8           the Egan Jones Proxy Services (May 27, 2004)  
9           and Institutional Shareholder Services, Inc.  
10          (September 15, 2004) no-action letters.

11          “(o) APPLICABILITY.—This section, other than sub-  
12          section (n), which shall apply on the date of enactment  
13          of this section, shall apply on the earlier of—

14                 “(1) the date on which regulations are issued in  
15                 final form under subsection (n)(1); or

16                 “(2) 270 days after the date of enactment of  
17                 this section.”.

18          (b) CONFORMING AMENDMENT.—Section 17(a)(1) of  
19          the Securities Exchange Act of 1934 (15 U.S.C.  
20          78q(a)(1)) is amended by inserting “proxy advisory firm,”  
21          after “nationally recognized statistical rating organiza-  
22          tion,”.

23          **SEC. 483. COMMISSION ANNUAL REPORT.**

24          The Commission shall make an annual report publicly  
25          available on the Commission’s Internet website. Such re-

1 port shall, with respect to the year to which the report  
2 relates—

3 (1) identify applicants for registration under  
4 section 15H of the Securities Exchange Act of 1934,  
5 as added by this subtitle;

6 (2) specify the number of and actions taken on  
7 such applications;

8 (3) specify the views of the Commission on the  
9 state of competition, transparency, policies and  
10 methodologies, and conflicts of interest among proxy  
11 advisory firms;

12 (4) include the determination of the Commis-  
13 sion with regard to—

14 (A) the quality of proxy advisory services  
15 issued by proxy advisory firms;

16 (B) the financial markets;

17 (C) competition among proxy advisory  
18 firms;

19 (D) the incidence of undisclosed conflicts  
20 of interest by proxy advisory firms;

21 (E) the process for registering as a proxy  
22 advisory firm; and

23 (F) such other matters relevant to the im-  
24 plementation of this subtitle and the amend-  
25 ments made by this subtitle, as the Commission

1 determines necessary to bring to the attention  
2 of the Congress;

3 (5) identify problems, if any, that have resulted  
4 from the implementation of this subtitle and the  
5 amendments made by this subtitle; and

6 (6) recommend solutions, including any legisla-  
7 tive or regulatory solutions, to any problems identi-  
8 fied under paragraphs (4) and (5).

## 9 **Subtitle R—Senior Safe**

### 10 **SEC. 491. IMMUNITY.**

11 (a) DEFINITIONS.—In this subtitle—

12 (1) the term “Bank Secrecy Act Officer” means  
13 an individual responsible for ensuring compliance  
14 with the requirements mandated by subchapter II of  
15 chapter 53 of title 31, United States Code;

16 (2) the term “broker-dealer” means a broker or  
17 dealer, as those terms are defined, respectively, in  
18 section 3(a) of the Securities Exchange Act of 1934  
19 (15 U.S.C. 78c(a));

20 (3) the term “covered agency” means—

21 (A) a State financial regulatory agency, in-  
22 cluding a State securities or law enforcement  
23 authority and a State insurance regulator;

24 (B) each of the Federal financial institu-  
25 tions regulatory agencies;

1 (C) the Securities and Exchange Commis-  
2 sion;

3 (D) a law enforcement agency;

4 (E) and State or local agency responsible  
5 for administering adult protective service laws;  
6 and

7 (F) a State attorney general.

8 (4) the term “covered financial institution”  
9 means—

10 (A) a credit union;

11 (B) a depository institution;

12 (C) an investment advisor;

13 (D) a broker-dealer;

14 (E) an insurance company;

15 (F) a State attorney general; and

16 (G) a transfer agent.

17 (5) the term “credit union” means a Federal  
18 credit union, State credit union, or State-chartered  
19 credit union, as those terms are defined in section  
20 101 of the Federal Credit Union Act (12 U.S.C.  
21 1752);

22 (6) the term “depository institution” has the  
23 meaning given the term in section 3(c) of the Fed-  
24 eral Deposit Insurance Act (12 U.S.C. 1813(c));

1           (7) the term “exploitation” means the fraudu-  
2           lent or otherwise illegal, unauthorized, or improper  
3           act or process of an individual, including a caregiver  
4           or fiduciary, that—

5                   (A) uses the resources of a senior citizen  
6                   for monetary personal benefit, profit, or gain;  
7                   or

8                   (B) results in depriving a senior citizen of  
9                   rightful access to or use of benefits, resources,  
10                  belongings or assets;

11           (8) the term “Federal financial institutions reg-  
12           ulatory agencies” has the meaning given the term in  
13           section 1003 of the Federal Financial Institutions  
14           Examination Council Act of 1978 (12 U.S.C. 3302);

15           (9) the term “investment adviser” has the  
16           meaning given the term in section 202 of the Invest-  
17           ment Advisers Act of 1940 (15 U.S.C. 80b–2);

18           (10) the term “insurance company” has the  
19           meaning given the term in section 2(a) of the Invest-  
20           ment Company Act of 1940 (15 U.S.C. 80a–2(a));

21           (11) the term “registered representative”  
22           means an individual who represents a broker-dealer  
23           in effecting or attempting to affect a purchase or  
24           sale of securities;

1           (12) the term “senior citizen” means an indi-  
2           vidual who is not less than 65 years of age;

3           (13) the term “State insurance regulator” has  
4           the meaning given such term in section 315 of the  
5           Gramm-Leach-Bliley Act (15 U.S.C. 6735);

6           (14) the term “State securities or law enforce-  
7           ment authority” has the meaning given the term in  
8           section 24(f)(4) of the Securities Exchange Act of  
9           1934 (15 U.S.C. 78x(f)(4)); and

10          (15) the term “transfer agent” has the meaning  
11          given the term in section 3(a) of the Securities Ex-  
12          change Act of 1934 (15 U.S.C. 78c(a)).

13          (b) IMMUNITY FROM SUIT.—

14               (1) IMMUNITY FOR INDIVIDUALS.—An indi-  
15               vidual who has received the training described in  
16               section 1092 shall not be liable, including in any  
17               civil or administrative proceeding, for disclosing the  
18               possible exploitation of a senior citizen to a covered  
19               agency if the individual, at the time of the disclo-  
20               sure—

21                       (A) served as a supervisor, compliance offi-  
22                       cer (including a Bank Secrecy Act Officer), or  
23                       registered representative for a covered financial  
24                       institution; and

1 (B) made the disclosure with reasonable  
2 care including reasonable efforts to avoid disclo-  
3 sure other than to a covered agency.

4 (2) IMMUNITY FOR COVERED FINANCIAL INSTI-  
5 TUTIONS.—A covered financial institution shall not  
6 be liable, including in any civil or administrative pro-  
7 ceeding, for a disclosure made by an individual de-  
8 scribed in paragraph (1) if—

9 (A) the individual was employed by, or, in  
10 the case of a registered representative, affiliated  
11 or associated with, the covered financial institu-  
12 tion at the time of the disclosure; and

13 (B) before the time of the disclosure, the  
14 covered financial institution provided the train-  
15 ing described in section 492 to each individual  
16 described in section 492(a).

17 **SEC. 492. TRAINING REQUIRED.**

18 (a) IN GENERAL.—A covered financial institution  
19 may provide training described in subsection (b)(1) to  
20 each officer or employee of, or registered representative  
21 affiliated or associated with, the covered financial institu-  
22 tion who—

23 (1) is described in section 491(b)(1)(A);

1           (2) may come into contact with a senior citizen  
2           as a regular part of the duties of the officer, em-  
3           ployee, or registered representative; or

4           (3) may review or approve the financial docu-  
5           ments, records, or transactions of a senior citizen in  
6           connection with providing financial services to a sen-  
7           ior citizen.

8           (b) TRAINING.—

9           (1) IN GENERAL.—The training described in  
10          this paragraph shall—

11           (A) instruct any individual attending the  
12           training on how to identify and report the sus-  
13           pected exploitation of a senior citizen;

14           (B) discuss the need to protect the privacy  
15           and respect the integrity of each individual cus-  
16           tomer of a covered financial institution; and

17           (C) be appropriate to the job responsibil-  
18           ities of the individual attending the training.

19          (2) TIMING.—The training required under sub-  
20          section (a) shall be provided as soon as reasonably  
21          practicable but not later than 1 year after the date  
22          on which an officer, employee, or registered rep-  
23          resentative begins employment with or becomes af-  
24          filiated or associated with the covered financial insti-  
25          tution.



1           (3) **BANK SECRECY ACT OFFICER.**—An indi-  
2           vidual who is designated as a compliance officer  
3           under an anti-money laundering program established  
4           pursuant to section 5318(h) of title 31, United  
5           States Code, shall be deemed to have received the  
6           training described under this subsection.

7   **SEC. 493. RELATIONSHIP TO STATE LAW.**

8           Nothing in this Act shall be construed to preempt or  
9           limit any provision of State law, except only to the extent  
10          that section 1091 provides a greater level of protection  
11          against liability to an individual described in section  
12          491(b)(1) or to a covered financial institution described  
13          in section 491(b)(2) than is provided under State law.

14           **Subtitle S—National Securities**  
15           **Exchange Regulatory Parity**

16   **SEC. 496. APPLICATION OF EXEMPTION.**

17          Section 18(b)(1) of the Securities Act of 1933 (15  
18          U.S.C. 77r(b)(1)), as amended by section 456(b), is fur-  
19          ther amended—

20                 (1) by striking subparagraph (A);

21                 (2) in subparagraph (B), by striking “that the  
22          Commission determines by rule (on its own initiative  
23          or on the basis of a petition) are substantially simi-  
24          lar to the listing standards applicable to securities

1 described in subparagraph (A)” and inserting “that  
2 have been approved by the Commission”;

3 (3) in subparagraph (C), by striking “or (B)”;

4 and

5 (4) by redesignating subparagraphs (B), (C),  
6 and (D) as subparagraphs (A), (B), and (C), respec-  
7 tively.

8 **Subtitle T—Private Company**  
9 **Flexibility and Growth**

10 **SEC. 497. SHAREHOLDER THRESHOLD FOR REGISTRATION.**

11 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
12 et seq.) is amended—

13 (1) in section 12(g)—

14 (A) in paragraph (1)—

15 (i) by striking “shall—” and all that  
16 follows through “register such security”  
17 and inserting “shall, not later than 120  
18 days after the last day of its first fiscal  
19 year ended after the effective date of this  
20 subsection on which the issuer has total as-  
21 sets exceeding \$10,000,000 (or such great-  
22 er amount of assets as the Commission  
23 may establish by rule) and a class of eq-  
24 uity security (other than an exempted se-  
25 curity) held of record by 2,000 or more

1 persons (or such greater number of per-  
2 sons as the Commission may establish by  
3 rule), register such security”; and

4 (ii) by adding at the end the fol-  
5 lowing: “The dollar figure in this para-  
6 graph shall be indexed for inflation every 5  
7 years by the Commission to reflect the  
8 change in the Consumer Price Index for  
9 All Urban Consumers published by the Bu-  
10 reau of Labor Statistics, rounded to the  
11 nearest \$100,000.”; and

12 (B) in paragraph (4), by striking “300  
13 persons” and all that follows through “1,200  
14 persons persons” and inserting “1,200 per-  
15 sons”; and

16 (2) in section 15(d)(1), by striking “300 per-  
17 sons” and all that follows through “1,200 persons  
18 persons” and inserting “1,200 persons”.

## 19 **Subtitle U—Small Company Capital** 20 **Formation Enhancements**

### 21 **SEC. 498. JOBS ACT-RELATED EXEMPTION.**

22 Section 3(b) of the Securities Act of 1933 (15 U.S.C.  
23 77c(b)) is amended—

24 (1) in paragraph (2)(A), by striking  
25 “\$50,000,000” and inserting “\$75,000,000, ad-

1       justed for inflation by the Commission every 2 years  
2       to the nearest \$10,000 to reflect the change in the  
3       Consumer Price Index for All Urban Consumers  
4       published by the Bureau of Labor Statistics”; and

5               (2) in paragraph (5)—

6                       (A) by striking “such amount as” and in-  
7                       serting: “such amount, in addition to the ad-  
8                       justment for inflation provided for under such  
9                       paragraph (2)(A), as”; and

10                      (B) by striking “such amount, it” and in-  
11                      serting “such amount, in addition to the adjust-  
12                      ment for inflation provided for under such  
13                      paragraph (2)(A), it”.

14       **Subtitle V—Encouraging Public**  
15       **Offerings**

16       **SEC. 499. EXPANDING TESTING THE WATERS AND CON-**  
17       **FIDENTIAL SUBMISSIONS.**

18       The Securities Act of 1933 (15 U.S.C. 77a et seq.)  
19       is amended—

20               (1) in section 5(d), by striking “an emerging  
21               growth company or any person authorized to act on  
22               behalf of an emerging growth company” and insert-  
23               ing “an issuer or any person authorized to act on  
24               behalf of an issuer”; and

25               (2) in section 6(e)—

1 (A) in the heading, by striking “EMERG-  
2 ING GROWTH COMPANIES” and inserting  
3 “DRAFT REGISTRATION STATEMENTS”; and

4 (B) by amending paragraph (1) to read as  
5 follows:

6 “(1) IN GENERAL.—Any issuer, prior to its ini-  
7 tial public offering date, may confidentially submit  
8 to the Commission a draft registration statement,  
9 for confidential nonpublic review by the staff of the  
10 Commission prior to public filing, provided that the  
11 initial confidential submission and all amendments  
12 thereto shall be publicly filed with the Commission  
13 not later than 15 days before the date on which the  
14 issuer conducts a road show, as such term is defined  
15 in section 230.433(h)(4) of title 17, Code of Federal  
16 Regulations, or any successor thereto.”.

17 **TITLE V—REGULATORY RELIEF**  
18 **FOR MAIN STREET AND COM-**  
19 **MUNITY FINANCIAL INSTITU-**  
20 **TIONS**

21 **Subtitle A—Preserving Access to**  
22 **Manufactured Housing**

23 **SEC. 501. MORTGAGE ORIGINATOR DEFINITION.**

24 Section 103 of the Truth in Lending Act (15 U.S.C.  
25 1602) is amended—