Suspend the Rules And Pass the Bill, S. 488, with Amendments
(The amendments strike all after the enacting clause and insert a
new text and a new title)

115TH CONGRESS
1ST SESSION

S. 488

To increase the threshold for disclosures required by the Securities and
Exchange Commission relating to compensatory benefit plans, and for
other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2017

Mr. Toomey (for himself and Mr. Warner) introduced the following bill;
which was read twice and referred to the Committee on Banking, Hous-
ing, and Urban Affairs

A BILL

To increase the threshold for disclosures required by the
Securities and Exchange Commission relating to compen-
satory benefit plans, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the
“JOBS and Investor Confidence Act of 2018”.

July 13, 2018 (4:40 p.m.)
(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—HELPING ANGELS LEAD OUR STARTUPS

Sec. 101. Definition of angel investor group.
Sec. 102. Clarification of general solicitation.

TITLE II—CREDIT ACCESS AND INCLUSION

Sec. 201. Positive credit reporting permitted.

TITLE III—SMALL BUSINESS MERGERS, ACQUISITIONS, SALES, AND BROKERAGE SIMPLIFICATION

Sec. 301. Registration exemption for merger and acquisition brokers.
Sec. 302. Effective date.

TITLE IV—FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS

Sec. 401. Definition of accredited investor.

TITLE V—FOSTERING INNOVATION

Sec. 501. Temporary exemption for low-revenue issuers.

TITLE VI—END BANKING FOR HUMAN TRAFFICKERS

Sec. 601. Increasing the role of the financial industry in combating human trafficking.
Sec. 602. Coordination of human trafficking issues by the Office of Terrorism and Financial Intelligence.
Sec. 603. Additional reporting requirement under the Trafficking Victims Protection Act of 2000.
Sec. 604. Minimum standards for the elimination of trafficking.

TITLE VII—INVESTING IN MAIN STREET

Sec. 701. Investment in small business investment companies.

TITLE VIII—EXCHANGE REGULATORY IMPROVEMENT

Sec. 801. Findings.
Sec. 802. Facility defined.

TITLE IX—ENCOURAGING PUBLIC OFFERINGS

Sec. 901. Expanding testing the waters and confidential submissions.

TITLE X—FAMILY OFFICE TECHNICAL CORRECTION

Sec. 1001. Accredited investor clarification.

TITLE XI—EXPANDING ACCESS TO CAPITAL FOR RURAL JOB CREATORS
Sec. 1101. Access to capital for rural-area small businesses.

TITLE XII—FINANCIAL INSTITUTION LIVING WILL IMPROVEMENT

Sec. 1201. Living will reforms.

TITLE XIII—PREVENTION OF PRIVATE INFORMATION DISSEMINATION

Sec. 1301. Criminal penalty for unauthorized disclosures.

TITLE XIV—INTERNATIONAL INSURANCE STANDARDS

Sec. 1401. Short title.
Sec. 1402. Congressional findings.
Sec. 1403. Requirement that insurance standards reflect United States policy.
Sec. 1404. State insurance regulator involvement in international standard setting.
Sec. 1405. Consultation with Congress.
Sec. 1406. Report to Congress on international insurance agreements.
Sec. 1407. Covered agreements.
Sec. 1408. Inapplicability to trade agreements.

TITLE XV—ALLEVIATING STRESS TEST BURDENS TO HELP INVESTORS

Sec. 1501. Stress test relief for nonbanks.

TITLE XVI—NATIONAL STRATEGY FOR COMBATING THE FINANCING OF TRANSNATIONAL CRIMINAL ORGANIZATIONS

Sec. 1601. National strategy.
Sec. 1602. Contents of national strategy.
Sec. 1603. Definitions.

TITLE XVII—COMMON SENSE CREDIT UNION CAPITAL RELIEF

Sec. 1701. Delay in effective date.

TITLE XVIII—OPTIONS MARKETS STABILITY

Sec. 1801. Rulemaking.
Sec. 1802. Report to Congress.

TITLE XIX—COOPERATE WITH LAW ENFORCEMENT AGENCIES AND WATCH

Sec. 1901. Safe harbor with respect to keep open letters.

TITLE XX—MAIN STREET GROWTH


TITLE XXI—BUILDING UP INDEPENDENT LIVES AND DREAMS

Sec. 2101. Mortgage loan transaction disclosure requirements.

TITLE XXII—MODERNIZING DISCLOSURES FOR INVESTORS

Sec. 2201. Form 10–Q analysis.
TITLE XXIII—FIGHT ILLICIT NETWORKS AND DETECT TRAFFICKING

Sec. 2301. Findings.
Sec. 2302. GAO Study.

TITLE XXIV—IMPROVING INVESTMENT RESEARCH FOR SMALL AND EMERGING ISSUERS

Sec. 2401. Research study.

TITLE XXV—DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS

Sec. 2501. Definitions.

TITLE XXVI—EXPANDING INVESTMENT IN SMALL BUSINESSES

Sec. 2601. SEC study.

TITLE XXVII—PROMOTING TRANSPARENT STANDARDS FOR CORPORATE INSIDERS

Sec. 2701. SEC study.

TITLE XXVIII—INVESTMENT ADVISER REGULATORY FLEXIBILITY IMPROVEMENT

Sec. 2801. Definition of small business of small organization.

TITLE XXIX—ENHANCING MULTI-CLASS SHARE DISCLOSURES


TITLE XXX—NATIONAL SENIOR INVESTOR INITIATIVE

Sec. 3001. Senior Investor Taskforce.
Sec. 3002. GAO study.

TITLE XXXI—MIDDLE MARKET IPO UNDERWRITING COST

Sec. 3101. Study on IPO fees.

TITLE XXXII—CROWDFUNDING AMENDMENTS

Sec. 3201. Crowdfunding vehicles.
Sec. 3202. Crowdfunding exemption from registration.

1 TITLE I—HELPING ANGELS LEAD OUR STARTUPS

2 SEC. 101. DEFINITION OF ANGEL INVESTOR GROUP.

3 As used in this Act, the term “angel investor group”

4 means any group that—
(1) is composed of accredited investors interested in investing personal capital in early-stage companies;

(2) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(3) is neither associated nor affiliated with brokers, dealers, or investment advisers.

SEC. 102. CLARIFICATION OF GENERAL SOLICITATION.

(a) In General.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D of its rules (17 C.F.R. 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(e) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, by the District of Columbia, by any State, by a political subdivision of any State or territory, or by any agency or public instrumentality of any of the foregoing;
(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

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

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

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

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

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

(D) does not receive any compensation for making introductions between investors attending the event and issuers, or for investment negotiations between such parties;
(E) makes readily available to attendees a disclosure not longer than 1 page in length, as prescribed by the Securities and Exchange Commission, describing the nature of the event and the risks of investing in the issuers presenting at the event; and

(F) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of 1934, or as an investment advisor under the Investment Advisers Act of 1940; and

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

(A) that the issuer is in the process of offering securities or planning to offer securities;

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

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

(D) the intended use of proceeds of the offering.
(b) Rule of Construction.—Subsection (a) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

(c) No Pre-existing Substantive Relationship by Reason of Event.—Attendance at an event described under subsection (a) shall not qualify, by itself, as establishing a pre-existing substantive relationship between an issuer and a purchaser, for purposes of Rule 506(b).

(d) Definition of Issuer.—For purposes of this section and the revision of rules required under this section, the term “issuer” means an issuer that is a business, is not in bankruptcy or receivership, is not an investment company, and is not a blank check, blind pool, or shell company.

**TITLE II—CREDIT ACCESS AND INCLUSION**

**SEC. 201. POSITIVE CREDIT REPORTING PERMITTED.**

(a) In General.—Section 623 of the Fair Credit Reporting Act (15 U.S.C. 1681s–2) is amended by adding at the end the following new subsection:

“(f) Full-File Credit Reporting.—
“(1) IN GENERAL.—Subject to the limitations in paragraphs (2) through (4) and notwithstanding any other provision of law, a person or the Secretary of Housing and Urban Development may furnish to a consumer reporting agency information relating to the performance of a consumer in making payments—

“(A) under a lease agreement with respect to a dwelling, including such a lease in which the Department of Housing and Urban Development provides subsidized payments for occupancy in a dwelling; or

“(B) pursuant to a contract for a utility or telecommunications service.

“(2) LIMITATION.—Information about a consumer’s usage of any utility services provided by a utility or telecommunication firm may be furnished to a consumer reporting agency only to the extent that such information relates to payment by the consumer for the services of such utility or telecommunication service or other terms of the provision of the services to the consumer, including any deposit, discount, or conditions for interruption or termination of the services.
“(3) PAYMENT PLAN.—An energy utility firm, telephone company, or wireless provider may not report payment information to a consumer reporting agency with respect to an outstanding balance of a consumer as late if—

“(A) the energy utility firm, telephone company, or wireless provider and the consumer have entered into a payment plan (including a deferred payment agreement, an arrearage management program, or a debt forgiveness program) with respect to such outstanding balance; and

“(B) the consumer is meeting the obligations of the payment plan, as determined by the energy utility firm, telephone company, or wireless provider.

“(4) RELATION TO STATE LAW.—Notwithstanding section 625, this subsection shall not preempt any law of a State with respect to furnishing to a consumer reporting agency information relating to the performance of a consumer in making payments pursuant to a contract for a utility or telecommunications service.

“(5) DEFINITIONS.—In this subsection, the following definitions shall apply:
“(A) Energy utility firm.—The term ‘energy utility firm’ means an entity that provides gas or electric utility services to the public.

“(B) Utility or telecommunication firm.—The term ‘utility or telecommunication firm’ means an entity that provides utility services to the public through pipe, wire, landline, wireless, cable, or other connected facilities, or radio, electronic, or similar transmission (including the extension of such facilities).”.

(b) Limitation on Liability.—Section 623(c) of the Consumer Credit Protection Act (15 U.S.C. 1681s–2(c)) is amended—

(1) in paragraph (2), by striking “or” at the end;

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

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

“(3) subsection (f) of this section, including any regulations issued thereunder; or”.

(e) HUD Rulemaking.—Not later than the end of the 8-month period following the date of the enactment of this Act, the Secretary of Housing and Urban Develop—
ment shall issue regulations directing public housing agencies to develop procedures and capacity to—

(1) ensure the complete and accurate reporting of data regarding tenants of public housing and families assisted under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) when furnishing information to a consumer reporting agency pursuant to section 623(f) of the Fair Credit Reporting Act; and

(2) handle complaints with respect to such reporting.

(d) GAO Study and Report.—Not later than 2 years after the date that final rules are issued pursuant to subsection (c), the Comptroller General of the United States shall submit to Congress a report on the impact of furnishing information pursuant to subsection (f) of section 623 of the Fair Credit Reporting Act (15 U.S.C. 1681s–2) (as added by this section) on consumers.

(e) Applicability.—The amendment by subsection (a) shall not apply to a consumer in connection with a lease in which the Department of Housing and Urban Development provides subsidized payments for occupancy in a dwelling until the date on which final rules are issued pursuant to subsection (c).
TITLE III—SMALL BUSINESS
MERGERS, ACQUISITIONS,
SALES, AND BROKERAGE SIMPLIFICATION

SEC. 301. REGISTRATION EXEMPTION FOR MERGER AND ACQUISITION BROKERS.

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

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

“(A) In general.—Except as provided in subparagraph (B), an M&A broker shall be exempt from registration under this section.

“(B) Excluded activities.—An M&A broker is not exempt from registration under this paragraph if such broker does any of the following:

“(i) Directly or indirectly, in connection with the transfer of ownership of an eligible privately held company, receives, holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction.
“(ii) Engages on behalf of an issuer in a public offering of any class of securities that is registered, or is required to be registered, with the Commission under section 12 or with respect to which the issuer files, or is required to file, periodic information, documents, and reports under subsection (d).

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

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

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

“(I) complying with all other applicable laws in connection with such assistance, including, if applicable, Regulation T (12 C.F.R. 220 et seq.); and

“(II) disclosing any compensation in writing to the party.

“(vi) Represents both the buyer and the seller in the same transaction without providing clear written disclosure as to the parties the broker represents and obtaining written consent from both parties to the joint representation.

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

“(viii) Engages in a transaction involving the transfer of ownership of an eligible privately held company to a passive buyer or group of passive buyers. For purposes of the preceding sentence, a buyer that is actively involved in managing the acquired company is not a passive buyer, regardless of whether such buyer is itself owned by passive beneficial owners.

“(ix) Binds a party to a transfer of ownership of an eligible privately held company.
(C) Disqualifications.—An M&A broker is not exempt from registration under this paragraph if such broker is subject to—

“(i) suspension or revocation of registration under paragraph (4);

“(ii) a statutory disqualification described in section 3(a)(39);

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

“(iv) a final order described in paragraph (4)(H).

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

(E) Definitions.—In this paragraph:

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

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

“(II) solely for the purpose of completing a business combination transaction (as defined under section 230.165(f) of title 17, Code of Federal Regulations) among one or more entities other than the company itself, none of which is a shell company.

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

“(I) is a director, general partner, member or manager of a limited liability company, or corporate officer of a corporation or limited liability company, and exercises executive re-
sponsibility (or has similar status or functions);

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

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

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

“(I) The company does not have any class of securities registered, or required to be registered, with the Commission under section 12 or with respect to which the company files, or is required to file, periodic information, documents, and reports under subsection (d).
“(II) In the fiscal year ending immediately before the fiscal year in which the services of the M&A broker are initially engaged with respect to the securities transaction, the company meets either or both of the following conditions (determined in accordance with the historical financial accounting records of the company):

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

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

For purposes of this subclause, the Commission may by rule modify the dollar figures if the Commission determines that such a modification is necessary or appropriate in the public interest or for the protection of investors.

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

“(I) upon consummation of the transaction, any person acquiring securities or assets of the eligible privately held company, acting alone or in concert, will control and, directly or indirectly, will be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company; and

“(II) if any person is offered securities in exchange for securities or assets of the eligible privately held company, such person will, prior to
becoming legally bound to consummate the transaction, receive or have reasonable access to the most recent fiscal year-end financial statements of the issuer of the securities as customarily prepared by the management of the issuer in the normal course of operations and, if the financial statements of the issuer are audited, reviewed, or compiled, any related statement by the independent accountant, a balance sheet dated not more than 120 days before the date of the offer, and information pertaining to the management, business, results of operations for the period covered by the foregoing financial statements, and material loss contingencies of the issuer.

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

“(I) has no or nominal operations; and
“(II) has—

“(aa) no or nominal assets;

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

“(cc) assets consisting of any amount of cash and cash equivalents and nominal other assets.

“(F) INFLATION ADJUSTMENT.—

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

“(I) dividing the annual value of the Employment Cost Index For Wages and Salaries, Private Industry Workers (or any successor index), as published by the Bureau of Labor Statistics, for the calendar year preceding the calendar year in which the adjustment is being made by the annual value of such index (or successor) for the calendar year ending December 31, 2012; and
“(II) multiplying such dollar amount by the quotient obtained under subclause (I).

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

SEC. 302. EFFECTIVE DATE.

The amendment made by this title shall take effect on the date that is 90 days after the date of the enactment of this Act.

TITLE IV—FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS

SEC. 401. DEFINITION OF ACCREDITED INVESTOR.

(a) In general.—Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

(1) by redesignating clauses (i) and (ii) as subparagraphs (A) and (F), respectively; and

(2) in subparagraph (A) (as so redesignated), by striking “; or” and inserting a semicolon, and inserting after such subparagraph the following:

“(B) any natural person whose individual net worth, or joint net worth with that person’s spouse, exceeds $1,000,000 (which amount,
along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every 5 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—

“(i) the person’s primary residence shall not be included as an asset;

“(ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

“(iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the pri-
mary residence at the time of the sale of
securities shall be included as a liability;

“(C) any natural person who had an indi-
vidual income in excess of $200,000 in each of
the 2 most recent years or joint income with
that person’s spouse in excess of $300,000 in
each of those years and has a reasonable expec-
tation of reaching the same income level in the
current year;

“(D) any natural person who is currently
licensed or registered as a broker or investment
adviser by the Commission, the Financial In-
dustry Regulatory Authority, or an equivalent
self-regulatory organization (as defined in sec-
tion 3(a)(26) of the Securities Exchange Act of
1934), or the securities division of a State or
the equivalent State division responsible for li-
censing or registration of individuals in connec-
tion with securities activities;

“(E) any natural person the Commission
determines, by regulation, to have demonstrable
education or job experience to qualify such per-
son as having professional knowledge of a sub-
ject related to a particular investment, and
whose education or job experience is verified by
the Financial Industry Regulatory Authority or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934); or”.

(b) RULEMAKING.—The Commission shall revise the definition of accredited investor under Regulation D (17 C.F.R. 230.501 et seq.) to conform with the amendments made by subsection (a).

TITLE V—FOSTERING INNOVATION

SEC. 501. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.

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

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

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

“(A) ceased to be an emerging growth company on the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective reg-
istration statement under the Securities Act of 1933;

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

“(C) is not a large accelerated filer.

“(2) Expiration of temporary exemption.—An issuer ceases to be eligible for the exemption described under paragraph (1) at the earliest of—

“(A) the last day of the fiscal year of the issuer following the tenth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;

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

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

“(3) Definitions.—For purposes of this subsection:

“(A) Average annual gross revenues.—The term ‘average annual gross reve-
nues’ means the total gross revenues of an issuer over its most recently completed three fiscal years divided by three.


“(C) Large accelerated filer.—The term ‘large accelerated filer’ has the meaning given that term under section 240.12b–2 of title 17, Code of Federal Regulations, or any successor thereto.”.

TITLE VI—END BANKING FOR HUMAN TRAFFICKERS

SEC. 601. INCREASING THE ROLE OF THE FINANCIAL INDUSTRY IN COMBATING HUMAN TRAFFICKING.

(a) Treasury as a Member of the President’s Interagency Task Force to Monitor and Combat Trafficking.—Section 105(b) of the Victims of Trafficking and Violence Protection Act of 2000 (22 U.S.C. 7103(b)) is amended by inserting “the Secretary of the Treasury,” after “the Secretary of Education,”.

(b) Required Review of Procedures.—Not later than 180 days after the date of the enactment of this Act,
the Financial Institutions Examination Council, in consultation with the Secretary of the Treasury, the private sector, and appropriate law enforcement agencies, shall—

(1) review and enhance training and examinations procedures to improve the capabilities of anti-money laundering and countering the financing of terrorism programs to detect financial transactions relating to severe forms of trafficking in persons;

(2) review and enhance procedures for referring potential cases relating to severe forms of trafficking in persons to the appropriate law enforcement agency; and

(3) determine, as appropriate, whether requirements for financial institutions are sufficient to detect and deter money laundering relating to severe forms of trafficking in persons.

(c) INTERAGENCY TASK FORCE RECOMMENDATIONS

TARGETING MONEY LAUNDERING RELATED TO HUMAN TRAFFICKING.—

(1) IN GENERAL.—Not later than 270 days after the date of the enactment of this Act, the Interagency Task Force to Monitor and Combat Trafficking shall submit to the Committee on Financial Services and the Committee on the Judiciary of the House of Representatives, the Committee on
Banking, Housing, and Urban Affairs and the Committee on the Judiciary of the Senate, and the head of each appropriate Federal banking agency—

(A) an analysis of anti-money laundering efforts of the United States Government and United States financial institutions relating to severe forms of trafficking in persons; and

(B) appropriate legislative, administrative, and other recommendations to strengthen efforts against money laundering relating to severe forms of trafficking in persons.

(2) REQUIRED RECOMMENDATIONS.—The recommendations under paragraph (1) shall include—

(A) feedback from financial institutions on best practices of successful programs to combat severe forms of trafficking in persons currently in place that may be suitable for broader adoption by similarly situated financial institutions;

(B) feedback from stakeholders, including victims of severe forms of trafficking in persons and financial institutions, on policy proposals derived from the analysis conducted by the task force referred to in paragraph (1) that would enhance the efforts and programs of financial institutions to detect and deter money laun-
dering relating to severe forms of trafficking in persons, including any recommended changes to internal policies, procedures, and controls relating to severe forms of trafficking in persons;

(C) any recommended changes to training programs at financial institutions to better equip employees to deter and detect money laundering relating to severe forms of trafficking in persons;

(D) any recommended changes to expand information sharing relating to severe forms of trafficking in persons among financial institutions and between such financial institutions, appropriate law enforcement agencies, and appropriate Federal agencies; and

(E) recommended changes, if necessary, to existing statutory law to more effectively detect and deter money laundering relating to severe forms of trafficking in persons, where such money laundering involves the use of emerging technologies and virtual currencies.

(d) LIMITATION.—Nothing in this title shall be construed to grant rulemaking authority to the Interagency Task Force to Monitor and Combat Trafficking.

(e) DEFINITIONS.—As used in this section—
(1) the term “appropriate Federal banking agency” has the meaning given the term in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q));

(2) the term “severe forms of trafficking in persons” has the meaning given such term in section 103 of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102);

(3) the term “Interagency Task Force to Monitor and Combat Trafficking” means the Interagency Task Force to Monitor and Combat Trafficking established by the President pursuant to section 105 of the Victims of Trafficking and Violence Protection Act of 2000 (22 U.S.C. 7103); and

(4) the term “law enforcement agency” means an agency of the United States, a State, or a political subdivision of a State, authorized by law or by a government agency to engage in or supervise the prevention, detection, investigation, or prosecution of any violation of criminal or civil law.

SEC. 602. COORDINATION OF HUMAN TRAFFICKING ISSUES BY THE OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE.

(a) FUNCTIONS.—Section 312(a)(4) of title 31, United States Code, is amended—
(1) by redesignating subparagraphs (E), (F), and (G) as subparagraphs (F), (G), and (H), respectively; and

(2) by inserting after subparagraph (D) the following:

“(E) combating illicit financing relating to severe forms of trafficking in persons;”.

(b) INTERAGENCY COORDINATION.—Section 312(a) of title 31, United States Code, is amended by adding at the end the following:

“(8) INTERAGENCY COORDINATION.—The Secretary of the Treasury, after consultation with the Undersecretary for Terrorism and Financial Crimes, shall designate an office within the OTFI that shall coordinate efforts to combat the illicit financing of severe forms of trafficking in persons with—

“(A) other offices of the Department of the Treasury;

“(B) other Federal agencies, including—

“(i) the Office to Monitor and Combat Trafficking in Persons of the Department of State; and

“(ii) the Interagency Task Force to Monitor and Combat Trafficking;
“(C) State and local law enforcement agencies; and

“(D) foreign governments.”.

(c) DEFINITION.—Section 312(a) of title 31, United States Code, as amended by this section, is further amended by adding at the end the following:

“(9) DEFINITION.—In this subsection, the term ‘severe forms of trafficking in persons’ has the meaning given such term in section 103 of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7102).”.


Section 105(d)(7) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7103(d)(7)) is amended—

(1) in the matter preceding subparagraph (A)—

(A) by inserting “the Committee on Financial Services,” after “the Committee on Foreign Affairs,”; and

(B) by inserting “the Committee on Banking, Housing, and Urban Affairs,” after “the Committee on Foreign Relations,”;

(2) in subparagraph (Q)(vii), by striking “; and” and inserting a semicolon;
(3) in subparagraph (R), by striking the period at the end and inserting “; and”; and

(4) by adding at the end the following:

“(S) the efforts of the United States to eliminate money laundering relating to severe forms of trafficking in persons and the number of investigations, arrests, indictments, and convictions in money laundering cases with a nexus to severe forms of trafficking in persons.”.

SEC. 604. MINIMUM STANDARDS FOR THE ELIMINATION OF TRAFFICKING.

Section 108(b) of the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7106(b)) is amended by adding at the end the following new paragraph:

“(13) Whether the government of the country, consistent with the capacity of the country, has in effect a framework to prevent financial transactions involving the proceeds of severe forms of trafficking in persons, and is taking steps to implement such a framework, including by investigating, prosecuting, convicting, and sentencing individuals who attempt or conduct such transactions.”.
TITLE VII—INVESTING IN MAIN STREET

SEC. 701. INVESTMENT IN SMALL BUSINESS INVESTMENT COMPANIES.

Section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) is amended—

(1) in paragraph (1), by inserting before the period the following: “or, subject to the approval of the appropriate Federal banking agency, 15 percent of such capital and surplus”;

(2) in paragraph (2), by inserting before the period the following: “or, subject to the approval of the appropriate Federal banking agency, 15 percent of such capital and surplus”; and

(3) by adding at the end the following:

“(3) APPROPRIATE FEDERAL BANKING AGENCY DEFINED.—For purposes of this subsection, the term ‘appropriate Federal banking agency’ has the meaning given that term under section 3 of the Federal Deposit Insurance Act.”.

TITLE VIII—EXCHANGE REGULATORY IMPROVEMENT

SEC. 801. FINDINGS.

The Congress finds the following:
(1) Over time, national securities exchanges have expanded their businesses beyond listings and trading to include the sale of additional products and services to their members and listed companies.

(2) The Securities and Exchange Commission should be transparent in its interpretation of the term “facility” in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

SEC. 802. FACILITY DEFINED.

(a) In General.—Not later than 360 days after the date of enactment of this Act, the Securities and Exchange Commission (the “Commission”) shall adopt regulations to further interpret the term “facility” under section 3(a) of the Securities Exchange Act of 1934. Such regulations shall set forth the facts and circumstances the Commission considers when determining whether any premises or property, or the right to use any premises, property, or service is or is not a facility of an exchange.

(b) Application to Proposed Rules.—The Commission shall apply the facts and circumstances set forth in the regulations issued pursuant to subsection (a) in determining whether any proposed rule is or is not required to be submitted as a proposed rule filing pursuant to section 19 of the Securities Exchange Act of 1934 and the rules and regulations issued thereunder.
TITLE IX—ENCOURAGING PUBLIC OFFERINGS

SEC. 901. EXPANDING TESTING THE WATERS AND CONFIDENTIAL SUBMISSIONS.

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

(1) in section 5(d)—

(A) by striking “Notwithstanding” and inserting the following:

“(1) IN GENERAL.—Notwithstanding”;

(B) by striking “an emerging growth company or any person authorized to act on behalf of an emerging growth company” and inserting “an issuer or any person authorized to act on behalf of an issuer”; and

(C) by adding at the end the following:

“(2) ADDITIONAL REQUIREMENTS.—

“(A) IN GENERAL.—The Commission may issue regulations, subject to public notice and comment, to impose such other terms, conditions, or requirements on the engaging in oral or written communications described under paragraph (1) by an issuer other than an emerging growth company as the Commission determines appropriate.
“(B) REPORT TO CONGRESS.—Prior to any rulemaking described under subparagraph (A), the Commission shall issue a report to the Congress containing a list of the findings supporting the basis of such rulemaking.”; and

(2) in section 6(e)—

(A) in the heading, by striking “EMERGING GROWTH COMPANIES” and inserting “DRAFT REGISTRATION STATEMENTS”;

(B) by redesignating paragraph (2) as paragraph (4); and

(C) by striking paragraph (1) and inserting the following:

“(1) PRIOR TO INITIAL PUBLIC OFFERING.—Any issuer, prior to its initial public offering date, may confidentially submit to the Commission a draft registration statement, for confidential nonpublic review by the staff of the Commission prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed with the Commission not later than 15 days before the date on which the issuer conducts a road show (as defined under section 230.433(h)(4) of title 17, Code of Federal Regulations) or, in the absence
of a road show, at least 15 days prior to the requested effective date of the registration statement.

“(2) WITHIN 1 YEAR AFTER INITIAL PUBLIC OFFERING OR EXCHANGE REGISTRATION.—Any issuer, within the 1-year period following its initial public offering or its registration of a security under section 12(b) of the Securities Exchange Act of 1934, may confidentially submit to the Commission a draft registration statement, for confidential non-public review by the staff of the Commission prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed with the Commission not later than 15 days before the date on which the issuer conducts a road show (as defined under section 230.433(h)(4) of title 17, Code of Federal Regulations) or, in the absence of a road show, at least 15 days prior to the requested effective date of the registration statement.

“(3) ADDITIONAL REQUIREMENTS.—

“(A) IN GENERAL.—The Commission may issue regulations, subject to public notice and comment, to impose such other terms, conditions, or requirements on the submission of draft registration statements described under
this subsection by an issuer other than an
emerging growth company as the Commission
determines appropriate.

“(B) Report to Congress.—Prior to any
rulemaking described under subparagraph (A),
the Commission shall issue a report to the Con-}
gress containing a list of the findings sup-
porting the basis of such rulemaking.”.

**TITLE X—FAMILY OFFICE**

**TECHNICAL CORRECTION**

**SEC. 1001. ACCREDITED INVESTOR CLARIFICATION.**

(a) In General.—Subject to subsection (b), any
family office or a family client of a family office, as defined
in section 275.202(a)(11)(G)–1 of title 17, Code of Fed-
eral Regulations, shall be deemed to be an accredited in-
vestor, as defined in Regulation D of the Securities and
Exchange Commission (or any successor thereto) under
the Securities Act of 1933.

(b) Limitation.—Subsection (a) only applies to a
family office with assets under management in excess of
$5,000,000, and a family office or a family client not
formed for the specific purpose of acquiring the securities
offered, and whose purchase is directed by a person who
has such knowledge and experience in financial and busi-
ness matters that such person is capable of evaluating the
merits and risks of the prospective investment.

TITLE XI—EXPANDING ACCESS
TO CAPITAL FOR RURAL JOB
CREATORS

SEC. 1101. ACCESS TO CAPITAL FOR RURAL-AREA SMALL
BUSINESSES.

Section 4(j) of the Securities Exchange Act of 1934
(15 U.S.C. 78d(j)) is amended—

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

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

TITLE XII—FINANCIAL INSTITU-
TION LIVING WILL IMPROVE-
MENT

SEC. 1201. LIVING WILL REFORMS.

(a) In General.—Section 165(d) of the Dodd-
Frank Wall Street Reform and Consumer Protection Act
(12 U.S.C. 5365(d)) is amended—

(1) in paragraph (1), by striking “periodically”
and inserting “every 2 years”; and

(2) in paragraph (3)—
(A) by striking “The Board” and inserting the following:

“(A) IN GENERAL.—The Board’’;

(B) by striking “shall review” and inserting the following: “shall—

“(i) review’’;

(C) by striking the period and inserting “; and’’; and

(D) by adding at the end the following:

“(ii) not later than the end of the 6-month period beginning on the date the company submits the resolution plan, provide feedback to the company on such plan.

“(B) DISCLOSURE OF ASSESSMENT FRAMEWORK.—The Board of Governors and the Corporation shall publicly disclose the assessment framework that is used to review information under this paragraph.”.

(b) TREATMENT OF OTHER RESOLUTION PLAN REQUIREMENTS.—

(1) IN GENERAL.—With respect to an appropriate Federal banking agency that requires a banking organization to submit to the agency a resolution plan not described under section 165(d) of the
Dodd-Frank Wall Street Reform and Consumer Protection Act—

(A) the respective agency shall ensure that the review of such resolution plan is consistent with the requirements contained in the amendments made by this section;

(B) the agency may not require the submission of such a resolution plan more often than every 2 years; and

(C) paragraphs (6) and (7) of such section 165(d) shall apply to such a resolution plan.

(2) DEFINITIONS.—For purposes of this subsection:

(A) Appropriate Federal Banking Agency.—The term “appropriate Federal banking agency”—

(i) has the meaning given such term under section 3 of the Federal Deposit Insurance Act; and

(ii) means the National Credit Union Administration, in the case of an insured credit union.

(B) Banking Organization.—The term “banking organization” means—

(i) an insured depository institution;
(ii) an insured credit union;

(iii) a depository institution holding company;

(iv) a company that is treated as a bank holding company for purposes of section 8 of the International Banking Act; and

(v) a U.S. intermediate holding company established by a foreign banking organization pursuant to section 252.153 of title 12, Code of Federal Regulations.

(C) INSURED CREDIT UNION.—The term “insured credit union” has the meaning given that term under section 101 of the Federal Credit Union Act.

(D) OTHER BANKING TERMS.—The terms “depository institution holding company” and “insured depository institution” have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act.

(e) RULE OF CONSTRUCTION.—Nothing in this section, or any amendment made by this section, shall be construed as limiting the authority of an appropriate Federal banking agency (as defined under subsection (b)(2)) to obtain information from an institution in connection with
such agency’s authority to examine or require reports from
the institution.

**TITLE XIII—PREVENTION OF
PRIVATE INFORMATION DIS-
SEMINATION**

**SEC. 1301. CRIMINAL PENALTY FOR UNAUTHORIZED DIS-
CLOSURES.**

Section 165 of the Financial Stability Act of 2010
(12 U.S.C. 5365) is amended by adding at the end the
following:

“(l) CRIMINAL PENALTY FOR UNAUTHORIZED DIS-
CLOSURES.—Section 552a(i)(1) of title 5, United States
Code, shall apply to a determination made under sub-
section (d) or (i) based on individually identifiable infor-
mation submitted pursuant to the requirements of this
section to the same extent as such section 552a(i)(1) ap-
plies to agency records which contain individually identifi-
able information the disclosure of which is prohibited by
such section 552a or by rules or regulations established
thereunder.”.

**TITLE XIV—INTERNATIONAL
INSURANCE STANDARDS**

**SEC. 1401. SHORT TITLE.**

This title may be cited as the “International Insur-
ance Standards Act of 2018”.

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SEC. 1402. CONGRESSIONAL FINDINGS.

The Congress finds the following:

(1) The State-based system for insurance regulation in the United States has served American consumers well for more than 150 years and has fostered an open and competitive marketplace with a diversity of insurance products to the benefit of policyholders and consumers.

(2) Protecting policyholders by regulating to ensure an insurer’s ability to pay claims has been the hallmark of the successful United States system and should be the paramount objective of domestic prudential regulation and emerging international standards.

(3) The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) reaffirmed the State-based insurance regulatory system.

SEC. 1403. REQUIREMENT THAT INSURANCE STANDARDS REFLECT UNITED STATES POLICY.

(a) REQUIREMENT.—

(1) IN GENERAL.—Parties representing the Federal Government in any international regulatory, standard-setting, or supervisory forum or in any negotiations of any international agreements relating to the prudential aspects of insurance shall not
agree to, accede to, accept, or establish any proposed agreement or standard if the proposed agreement or standard fails to recognize the United States system of insurance regulation as satisfying such proposals.

(2) INAPPLICABILITY.—Paragraph (1) shall not apply to any forum or negotiations relating to a covered agreement (as such term is defined in section 313(r) of title 31, United States Code).

(b) FEDERAL INSURANCE OFFICE FUNCTIONS.—Subparagraph (E) of section 313(c)(1) of title 31, United States Code, is amended by inserting “Federal Government” after “United States”.

(c) NEGOTIATIONS.—Nothing in this section shall be construed to prevent participation in negotiations of any proposed agreement or standard.

SEC. 1404. STATE INSURANCE REGULATOR INVOLVEMENT IN INTERNATIONAL STANDARD SETTING.

In developing international insurance standards pursuant to section 1403, and throughout the negotiations of such standards, parties representing the Federal Government shall, on matters related to insurance, closely consult, coordinate with, and seek to include in such meetings State insurance commissioners or, at the option of the State insurance commissioners, designees of the insurance commissioners acting at their direction.
SEC. 1405. CONSULTATION WITH CONGRESS.

(a) REQUIREMENT.—Parties representing the Federal Government with respect to any agreement under section 1403 shall provide written notice to and consult with the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, and any other relevant committees of jurisdiction—

(1) before initiating negotiations to enter into the agreement, regarding—

(A) the intention of the United States to participate in or enter into such negotiations; and

(B) the nature and objectives of the negotiations; and

(2) during negotiations to enter into the agreement, regarding—

(A) the nature and objectives of the negotiations

(B) the implementation of the agreement, including how it is consistent with and does not materially differ from or otherwise affect Federal or State laws or regulations;

(C) the impact on the competitiveness of United States insurers; and
(D) the impact on United States consumers.

(b) **Consultation with Federal Advisory Committee on Insurance.**—Before entering into an agreement under section 1403, the Secretary of the Treasury shall seek to consult with the Federal Advisory Committee on Insurance formed pursuant to section 313(h) of title 31, United States Code.

**SEC. 1406. REPORT TO CONGRESS ON INTERNATIONAL INSURANCE AGREEMENTS.**

Before entering into an agreement under section 1403, parties representing the Federal Government shall submit to the appropriate congressional committees and leadership a report that describes —

(1) the implementation of the agreement, including how it is consistent with and does not materially differ from or otherwise affect Federal or State laws or regulations;

(2) the impact on the competitiveness of United States insurers; and

(3) the impact on United States consumers.

**SEC. 1407. COVERED AGREEMENTS.**

(a) **Preemption of State Insurance Measures.**—Subsection (f) of section 313 of title 31, United
States Code, is amended by striking “Director” each place such term appears and inserting “Secretary”. 

(b) DEFINITION.—Paragraph (2) of section 313(r) of title 31, United States Code, is amended— 

(1) in subparagraph (A), by striking “and” at the end; 

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

(3) by adding at the end the following new sub-paragraph: 

“(C) applies only on a prospective basis.”. 

(c) CONSULTATION; SUBMISSION AND LAYOVER; CONGRESSIONAL REVIEW.—Section 314 of title 31, United States Code is amended— 

(1) in subsection (b)— 

(A) in paragraph (2)(C), by striking “laws” and inserting the following: “and Federal law, and the nature of any changes in the laws of the United States or the administration of such laws that would be required to carry out a covered agreement”; and 

(B) by adding at the end the following new paragraph: 

“(3) ACCESS TO NEGOTIATING TEXTS AND OTHER DOCUMENTS.—Appropriate congressional
committees and staff with proper security clearances shall be given timely access to United States negotiating proposals, consolidated draft texts, and other pertinent documents related to the negotiations, including classified materials.”;

(2) by redesignating subsection (c) as subsection (d);

(3) by inserting after subsection (b) the following new subsection:

“(c) REQUIREMENTS FOR CONSULTATIONS WITH STATE INSURANCE COMMISSIONERS.—Throughout the negotiations of a covered agreement, parties representing the Federal Government shall closely consult and coordinate with State insurance commissioners.”;

(4) in subsection (d), as so redesignated by paragraph (2)—

(A) in the matter preceding paragraph (1), by striking “only if—” and inserting the following: “only if, before signing the final legal text or otherwise entering into the agreement—”;

(B) in paragraph (1), by striking “congressional committees specified in subsection (b)(1)” and inserting “appropriate congressional committees and leadership and to con-
gressional committee staff with proper security

clearances”; and

(C) by striking paragraph (2) and inserting the following new paragraph:

“(2)(A) the 90-day period beginning on the
date on which the copy of the final legal text of the
agreement is submitted under paragraph (1) to the
congressional committees, leadership, and staff has expired; and

“(B) the covered agreement has not been pre-
vented from taking effect pursuant to subsection
(e).”; and

(5) by adding at the end the following new sub-
sections:

“(e) PERIOD FOR REVIEW BY CONGRESS.—

“(1) IN GENERAL.—During the layover period
referred to in subsection (d)(2)(A), the Committees
on Banking, Housing, and Urban Affairs and Fi-
nance of the Senate and the Committees on Finan-
cial Services and Ways of Means of the House of
Representatives should, as appropriate, exercise
their full oversight responsibility.

“(2) EFFECT OF ENACTMENT OF A JOINT RES-
OLUTION OF DISAPPROVAL.—Notwithstanding any
other provision of law, if a joint resolution of dis-
approval relating to a covered agreement submitted under subsection (d)(1) is enacted in accordance with subsection (f), the covered agreement shall not enter into force with respect to the United States.

“(f) JOINT RESOLUTIONS OF DISAPPROVAL.—

“(1) DEFINITION.—In this subsection, the term ‘joint resolution of disapproval’ means, with respect to proposed covered agreement, only a joint resolution of either House of Congress—

“(A) that is introduced during the 90-day period referred to in subsection (d)(2)(A) relating to such proposed covered agreement;

“(B) which does not have a preamble;

“(C) the title of which is as follows: ‘A joint resolution disapproving a certain proposed covered agreement under section 314 of title 31, United States Code.’; and

“(D) the sole matter after the resolving clause of which is the following: ‘Congress disapproves of the proposed covered agreement submitted to Congress under section 314(c)(1) of title 31, United States Code, on ____________ relating to ____________.’, with the first blank space being filled with the appropriate date and the
second blank space being filled with a short description of the proposed covered agreement.

“(2) INTRODUCTION.—During the layover period referred to in subsection (d)(2)(A), a joint resolution of disapproval may be introduced—

“(A) in the House of Representatives, by any Member of the House, and

“(B) in the Senate, by any Senator, and shall be referred to the appropriate committees.

“(3) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This subsection is enacted by Congress—

“(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such is deemed a part of the rules of each House, respectively, and supersedes other rules only to the extent that it is inconsistent with such rules; and

“(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.
“(g) APPROPRIATE CONGRESSIONAL COMMITTEES AND LEADERSHIP DEFINED.—In this section, the term ‘appropriate congressional committees and leadership’ means—

“(1) the Committees on Banking, Housing, and Urban Affairs and Finance, and the majority and minority leaders, of the Senate; and

“(2) the Committees on Financial Services and Ways and Means, and the Speaker, the majority leader, and the minority leader, of the House of Representatives.”.

SEC. 1408. INAPPLICABILITY TO TRADE AGREEMENTS.

This title and the amendments made by this title shall not apply to any forum or negotiations related to a trade agreement.

TITLE XV—ALLEVIATING STRESS TEST BURDENS TO HELP INVESTORS

SEC. 1501. STRESS TEST RELIEF FOR NONBANKS.

Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(i)(2)) is amended—

(1) in subparagraph (A), by striking “are regulated by a primary Federal financial regulatory agency” and inserting: “whose primary financial reg-
ulatory agency is a Federal banking agency or the
Federal Housing Finance Agency”;

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

(3) by adding at the end the following:

“(D) SEC AND CFTC.—The Securities and
Exchange Commission and the Commodity Fu-
tures Trading Commission may each issue regu-
lations requiring financial companies with re-
spect to which they are the primary financial
regulatory agency to conduct periodic analyses
of the financial condition, including available li-
quidity, of such companies under adverse eco-

demic conditions.”.

TITLE XVI—NATIONAL STRAT-
EGY FOR COMBATING THE FI-
NANCING OF
TRANSNATIONAL CRIMINAL
ORGANIZATIONS

SEC. 1601. NATIONAL STRATEGY.

(a) IN GENERAL.—The President, acting through the
Secretary of the Treasury, shall, in consultation with the
Attorney General, the Secretary of State, the Secretary
of Homeland Security, the Director of National Intel-
ligence, the Secretary of Defense, the Director of the Fi-
nancial Crimes Enforcement Network, the Director of the
United States Secret Service, the Director of the Federal
Bureau of Investigation, the Administrator of the Drug
Enforcement Administration, the Commissioner of Cus-
toms and Border Protection, the Director of the Office
of National Drug Control Policy, and the Federal func-
tional regulators, develop a national strategy to combat
the financial networks of transnational organized crimi-
nals.

(b) TRANSMITTAL TO CONGRESS.—

(1) IN GENERAL.—Not later than 1 year after
the enactment of this Act, the President shall sub-
mit to the appropriate Congressional committees and
make available to the relevant government agencies
as defined in subsection (a), a comprehensive na-
tional strategy in accordance with subsection (a).

(2) UPDATES.—After the initial submission of
the national strategy under paragraph (1), the
President shall, not less often than every 2 years,
update the national strategy and submit the updated
strategy to the appropriate Congressional commit-
tees.
(c) SEPARATE PRESENTATION OF CLASSIFIED MATERIAL.—Any part of the national strategy that involves information that is properly classified under criteria established by the President shall be submitted to Congress separately in a classified annex and, if requested by the chairman or ranking member of one of the appropriate Congressional committees, as a briefing at an appropriate level of security.

SEC. 1602. CONTENTS OF NATIONAL STRATEGY.

The national strategy described in section 1601 shall contain the following:

(1) THREATS.—An identification and assessment of the most significant current transnational organized crime threats posed to the national security of the United States or to the U.S. and international financial system, including drug and human trafficking organizations, cyber criminals, kleptocrats, and other relevant state and non-state entities, including those threats identified in the President’s “Strategy to Combat Transnational Organized Crime” (published July 2011).

(2) ILLICIT FINANCE.—(A) An identification of individuals, entities, and networks (including terrorist organizations, if any) that provide financial support or financial facilitation to transnational or-
ganized crime groups, and an assessment of the scope and role of those providing financial support to transnational organized crime groups.

(B) An assessment of methods by which transnational organized crime groups launder illicit proceeds, including money laundering using real estate and other tangible goods such as art and antiques, trade-based money laundering, bulk cash smuggling, exploitation of shell companies, and misuse of digital currencies and other cyber technologies, as well as an assessment of the risk to the financial system of the United States of such methods.

(3) GOALS, OBJECTIVES, PRIORITIES, AND ACTIONS.—(A) A comprehensive, research-based discussion of short-term and long-term goals, objectives, priorities, and actions, listed for each department and agency described under section 1601(a), for combating the financing of transnational organized crime groups and their facilitators.

(B) A description of how the strategy is integrated into, and supports, the national security strategy, drug control strategy, and counterterrorism strategy of the United States.
(4) Reviews and proposed changes.—A review of current efforts to combat the financing or financial facilitation of transnational organized crime, including efforts to detect, deter, disrupt, and prosecute transnational organized crime groups and their supporters, and, if appropriate, proposed changes to any law or regulation determined to be appropriate to ensure that the United States pursues coordinated and effective efforts within the jurisdiction of the United States, including efforts or actions that are being taken or can be taken by financial institutions, efforts in cooperation with international partners of the United States, and efforts that build partnerships and global capacity to combat transnational organized crime.

SEC. 1603. DEFINITIONS.

In this title:

(1) Appropriate congressional committees.—The term “appropriate congressional committees” means—

(A) the Committee on Financial Services, the Committee on Foreign Affairs, the Committee on Armed Services, the Committee on the Judiciary, the Committee on Homeland Security, and the Permanent Select Committee on
Intelligence of the House of Representatives;
and

(B) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, the Committee on Armed Services, the Committee on the Judiciary, the Committee on Homeland Security and Governmental Affairs, and the Select Committee on Intelligence of the Senate.

(2) **FEDERAL FUNCTIONAL REGULATOR.**—The term “Federal functional regulator” has the meaning given that term in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809).

(3) **TRANSNATIONAL ORGANIZED CRIME.**—The term “transnational organized crime” refers to those self-perpetuating associations of individuals who operate transnationally for the purpose of obtaining power, influence, monetary or commercial gains, wholly or in part by illegal means, while—

(A) protecting their activities through a pattern of corruption or violence; or

(B) while protecting their illegal activities through a transnational organizational structure and the exploitation of transnational commerce or communication mechanisms.
TITLE XVII—COMMON SENSE

CREDIT UNION CAPITAL RELIEF

SEC. 1701. DELAY IN EFFECTIVE DATE.

Notwithstanding any effective date set forth in the rule issued by the National Credit Union Administration titled “Risk-Based Capital” (published at 80 Fed. Reg. 66626 (October 29, 2015)), such final rule shall take effect on January 1, 2021.

TITLE XVIII—OPTIONS MARKETS STABILITY

SEC. 1801. RULEMAKING.

Within 180 days of the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency shall, jointly, issue a proposed rule, and finalize such rule within 360 days of the date of enactment of this Act, to adopt a methodology for calculating the counterparty credit risk exposure, at default, of a depository institution, depository institution holding company, or affiliate thereof to a client arising from a guarantee provided by the depository institution, depository institution holding company, or affiliate thereof to a central counterparty in respect of the client’s performance under an exchange-listed derivative contract cleared through that central counterparty pursuant to the
risk-based and leverage-based capital rules applicable to
depository institutions and depository institution holding
companies under parts 3, 217, and 324 of title 12, Code
of Federal Regulations. In issuing such rule, the Board
of Governors of the Federal Reserve System, the Federal
Deposit Insurance Corporation, and the Comptroller of
the Currency shall consider—

(1) the availability of liquidity provided by mar-
ket makers during times of high volatility in the cap-
ital markets;

(2) the spread between the bid and the quote
offered by market makers;

(3) the preference for clearing through central
counterparties;

(4) the safety and soundness of the financial
system and financial stability, including the benefits
of central clearing;

(5) the safety and soundness of individual insti-
tutions that may centrally clear exchange-listed de-
rivatives or options on behalf of a client, including
concentration of market share;

(6) the economic value of delta weighting a
counterparty’s position and netting of a
counterparty’s position;

(7) the inherent risk of the positions;
(8) barriers to entry for depository institutions, depository institution holding companies, affiliates thereof, and entities not affiliated with a depository institution or depository institution holding company to centrally clear exchange-listed derivatives or options on behalf of market makers;

(9) the impact any changes may have on the broader capital regime and aggregate capital in the system; and

(10) consideration of other potential factors that impact market making in the exchange-listed options market, including changes in market structure.

SEC. 1802. REPORT TO CONGRESS.

At the end of the 5-year period beginning on the date the final rule is issued under section 1801, the Board of Governors of the Federal Reserve System shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report detailing the impact of the final rule during such period on the factors described under paragraphs (1) through (10) of section 1801.
TITLE XIX—COOPERATE WITH LAW ENFORCEMENT AGENCIES AND WATCH

SEC. 1901. SAFE HARBOR WITH RESPECT TO KEEP OPEN LETTERS.

(a) In General.—Subchapter II of chapter 53 of title 31, United States Code, is amended by adding at the end the following:

“§ 5333. Safe harbor with respect to keep open letters

“(a) In General.—With respect to a customer account or customer transaction of a financial institution, if a Federal, State, Tribal, or local law enforcement agency requests, in writing, the financial institution to keep such account or transaction open—

“(1) the financial institution shall not be liable under this subchapter for maintaining such account or transaction consistent with the parameters of the request; and

“(2) no Federal or State department or agency may take any adverse supervisory action under this subchapter with respect to the financial institution for maintaining such account or transaction consistent with the parameters of the request.

“(b) Rule of Construction.—Nothing in this section may be construed—
“(1) from preventing a Federal or State department or agency from verifying the validity of a written request described under subsection (a) with the Federal, State, Tribal, or local law enforcement agency making the written request; or

“(2) to relieve a financial institution from complying with any reporting requirements, including the reporting of suspicious transactions under section 5318(g).

“(c) LETTER TERMINATION DATE.—For purposes of this section, any written request described under subsection (a) shall include a termination date after which such request shall no longer apply.”.

(b) CLERICAL AMENDMENT.—The table of contents for chapter 53 of title 31, United States Code, is amended by inserting after the item relating to section 5332 the following:

“5333. Safe harbor with respect to keep open letters.”.

TITLE XX—MAIN STREET GROWTH

SEC. 2001. VENTURE EXCHANGES.

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

“(m) VENTURE EXCHANGE.—

“(1) REGISTRATION.—
“(A) IN GENERAL.—A person may register themself (and a national securities exchange may register a listing tier of such exchange) as a national securities exchange solely for the purposes of trading venture securities by filing an application with the Commission pursuant to subsection (a) and the rules and regulations thereunder.

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

“(C) APPROVAL OR DENIAL.—

“(i) IN GENERAL.—Within 90 days of the date of publication of a notice under subparagraph (B) (or within such longer period as to which the applicant consents), the Commission shall—

“(I) by order grant such registration; or

“(II) institute a denial proceeding under clause (ii) to determine whether registration should be denied.
“(ii) Denial Proceeding.—A proceeding under clause (i)(II) shall include notice of the grounds for denial under consideration and opportunity for hearing and shall be concluded within 180 days of the date of the publication of a notice under subparagraph (B). At the conclusion of such proceeding the Commission, by order, shall grant or deny such registration. The Commission may extend the time for conclusion of such proceeding for up to 90 days if the Commission finds good cause for such extension and publishes the Commission’s reasons for so finding or for such longer period as to which the applicant consents.

“(iii) Criteria for Approval or Denial.—The Commission shall grant a registration under this paragraph if the Commission finds that the requirements of this title and the rules and regulations thereunder with respect to the applicant are satisfied. The Commission shall deny such registration if it does not make such finding.
“(2) POWERS AND RESTRICTIONS.—In addition to the powers and restrictions otherwise applicable to a national securities exchange, a venture exchange—

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

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

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

“(D) may, subject to the rule filing process under section 19(b)—

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

“(ii) choose to carry out periodic auctions for the sale of a venture security instead of providing continuous trading of the venture security.
“(3) Treatment of certain exempted securities.—A security that is exempt from registration pursuant to section 3(b) of the Securities Act of 1933 shall be exempt from section 12(a) of this title to the extent such securities are traded on a venture exchange, if the issuer of such security is in compliance with—

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

“(B) ongoing disclosure obligations of the applicable venture exchange that are similar to those provided by an issuer under tier 2 of Regulation A (17 C.F.R. 230.251 et seq.).

“(4) Venture securities traded on venture exchanges may not trade on non-venture exchanges.—A venture security may not be traded on a national securities exchange that is not a venture exchange during any period in which the venture security is being traded on a venture exchange.

“(5) Rule of construction.—Nothing in this subsection may be construed as requiring transactions in venture securities to be effected on a national securities exchange.
“(6) Commission authority to limit certain trading.—The Commission may limit transactions in venture securities that are not effected on a national securities exchange as appropriate to promote efficiency, competition, capital formation, and to protect investors.

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

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

“(B) in the case of a venture exchange that is a listing tier of another national securities exchange, that the venture exchange is distinct from the other national securities exchange.

“(8) Definitions.—For purposes of this subsection:

“(A) Early-stage, growth company.—

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

“(II) with a public float of less than or equal to the value of public float required to qualify as a large accelerated filer under section 240.12b–2 of title 17, Code of Federal Regulations.

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

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

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

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

“(C) VENTURE SECURITY.—

“(i) IN GENERAL.—The term ‘venture security’ means—

“(I) securities of an early-stage, growth company that are exempt from registration pursuant to section 3(b) of the Securities Act of 1933;

“(II) securities of an emerging growth company; or

“(III) securities registered under section 12(b) and listed on a venture
exchange (or, prior to listing on a ven-
ture exchange, listed on a national se-
curities exchange) where—

“(aa) the issuer of such se-
curities has a public float less
than or equal to the value of pub-
lic float required to qualify as a
large accelerated filer under sec-
tion 240.12b–2 of title 17, Code
of Federal Regulations; or

“(bb) the average daily
trade volume is 75,000 shares or
less during a continuous 60-day
period.

“(ii) Treatment when public
float exceeds threshold.—Securities
shall not cease to be venture securities by
reason of the public float of the issuer of
such securities exceeding the threshold
specified in clause (i)(III)(aa) until the
later of the following:

“(I) The end of the period of 24
consecutive months beginning on the
date—
“(aa) the public float of
such issuer exceeds
$2,000,000,000; and

“(bb) the average daily
trade volume of such securities is
100,000 shares or more during a
continuous 60-day period.

“(II) The end of the 1-year pe-
period following the end of the 24-
month period described under sub-
clause (I), if the issuer of such securi-
ties requests such 1-year extension
from a venture exchange and the ven-
ture exchange elects to provide such
extension.”.

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

(1) by redesignating subsection (d) as sub-
section (e); and

(2) by inserting after subsection (c) the fol-
lowing:

“(d) Treatment of Securities Listed on a Ven-
ture Exchange.—Notwithstanding subsection (b), a se-
curity is not a covered security pursuant to subsection
(b)(1)(A) if the security is only listed, or authorized for
listing, on a venture exchange (as defined under section
6(m) of the Securities Exchange Act of 1934).”.

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

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

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

(d) RULE OF CONSTRUCTION.—Nothing in this sec-
tion or the amendments made by this section shall be con-
strued to impair or limit the construction of the antifraud
provisions of the securities laws (as defined in section 3(a)
78c(a))) or the authority of the Securities and Exchange
Commission under those provisions.

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

TITLE XXI—BUILDING UP INDE-
PENDENT LIVES AND DREAMS

SEC. 2101. MORTGAGE LOAN TRANSACTION DISCLOSURE

REQUIREMENTS.

(a) TILA AMENDMENT.—Section 105 of the Truth
in Lending Act (15 U.S.C. 1604) is amended by inserting
after subsection (d) the following:

“(e) DISCLOSURE FOR CHARITABLE MORTGAGE
LOAN TRANSACTIONS.—With respect to a mortgage loan
transaction involving a residential mortgage loan offered
at zero percent interest primarily for charitable purposes
by an organization having tax-exempt status under section
501(c)(3) of the Internal Revenue Code of 1986, forms
HUD–1 and GFE (as defined under section 1024.2(b) of
title 12, Code of Federal Regulations), together with a dis-
closure substantially in the form of the Loan Model Form
H–2 (as defined under Appendix H to section 1026 of title
12, Code of Federal Regulations) shall, collectively, be an
appropriate model form for purposes of subsection (b).”.

78
(b) RESPA AMENDMENT.—Section 4 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2603) is amended by adding at the end the following:

“(d) With respect to a mortgage loan transaction involving a residential mortgage loan offered at zero percent interest primarily for charitable purposes, an organization having tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986 may use forms HUD–1 and GFE (as defined under section 1024.2(b) of title 12, Code of Federal Regulations) together with a disclosure substantially in the form of the Loan Model Form H–2 (as defined under Appendix H to section 1026 of title 12, Code of Federal Regulations), collectively, in lieu of the disclosure published under subsection (a).”.

(c) REGULATIONS.—Not later than 180 days after the date of the enactment of this Act, the Director of the Bureau of Consumer Financial Protection shall issue such regulations as may be necessary to implement the amendments made by subsections (a) and (b).

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the date of the enactment of this Act.
TITLE XXII—MODERNIZING
DISCLOSURES FOR INVESTORS

SEC. 2201. FORM 10–Q ANALYSIS.

(a) In General.—The Securities and Exchange Commission shall conduct an analysis of the costs and benefits of requiring reporting companies to use Form 10–Q for submitting quarterly financial reports. Such analysis shall consider—

(1) the costs and benefits of Form 10–Q to emerging growth companies;

(2) the costs and benefits of Form 10–Q to the Commission in terms of its ability to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation;

(3) the costs and benefits of Form 10–Q to other reporting companies, investors, market researchers, and other market participants, including the costs and benefits associated with—

(A) the public availability of the information required to be filed on Form 10–Q;

(B) the use of a standardized reporting format across all classes of reporting companies; and

(C) the quarterly disclosure by some companies of financial information in formats other
than Form 10–Q, such as a quarterly earnings press release;

(4) the costs and benefits of alternative formats for quarterly reporting for emerging growth companies to emerging growth companies, the Commission, other reporting companies, investors, market researchers, and other market participants; and

(5) the expected impact of the use of alternative formats of quarterly reporting by emerging growth companies on overall market transparency and efficiency.

(b) REPORT REQUIRED.—Not later than 180 days after the date of enactment of this Act, the Commission shall issue a report to Congress that includes—

(1) the results of the analysis required by subsection (a); and

(2) recommendations for decreasing costs, increasing transparency, and increasing efficiency of quarterly financial reporting by emerging growth companies.

TITLE XXIII—FIGHT ILLICIT NETWORKS AND DETECT TRAFFICKING

SEC. 2301. FINDINGS.

The Congress finds the following:
(1) According to the Drug Enforcement Administration (DEA) 2017 National Drug Threat Assessment, transnational criminal organizations are increasingly using virtual currencies.

(2) The Treasury Department has recognized that: “The development of virtual currencies is an attempt to meet a legitimate market demand. According to a Federal Reserve Bank of Chicago economist, United States consumers want payment options that are versatile and that provide immediate finality. No United States payment method meets that description, although cash may come closest. Virtual currencies can mimic cash’s immediate finality and anonymity and are more versatile than cash for online and cross-border transactions, making virtual currencies vulnerable for illicit transactions.”.

(3) Virtual currencies have become a prominent method to pay for goods and services associated with illegal sex trafficking and drug trafficking, which are two of the most detrimental and troubling illegal activities facilitated by online marketplaces.

(4) Online marketplaces, including the dark web, have become a prominent platform to buy, sell, and advertise for illicit goods and services associated with sex trafficking and drug trafficking.
According to the International Labour Organization, in 2016, 4.8 million people in the world were victims of forced sexual exploitation, and in 2014, the global profit from commercial sexual exploitation was $99 billion.

In 2016, within the United States, the Center for Disease Control estimated that there were 64,000 deaths related to drug overdose, and the most severe increase in drug overdoses were those associated with fentanyl and fentanyl analogs (synthetic opioids), which amounted to over 20,000 overdose deaths.

According to the United States Department of the Treasury 2015 National Money Laundering Risk Assessment, an estimated $64 billion is generated annually from United States drug trafficking sales.

Illegal fentanyl in the United States originates primarily from China, and it is readily available to purchase through online marketplaces.

SEC. 2302. GAO STUDY.

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study on how virtual currencies and online marketplaces are used to facilitate sex and drug trafficking. The study shall consider—
(1) how online marketplaces, including the dark
web, are being used as platforms to buy, sell, or fa-
cilitate the financing of goods or services associated
with sex trafficking or drug trafficking (specifically,
opioids and synthetic opioids, including fentanyl,
fentanyl analogs, and any precursor chemicals asso-
ciated with manufacturing fentanyl or fentanyl
analogs) destined for, originating from, or within the
United States;

(2) how financial payment methods, including
virtual currencies and peer-to-peer mobile payment
services, are being utilized by online marketplaces to
facilitate the buying, selling, or financing of goods
and services associated with sex or drug trafficking
destined for, originating from, or within the United
States;

(3) how virtual currencies are being used to fa-
cilitate the buying, selling, or financing of goods and
services associated with sex or drug trafficking, des-
tined for, originating from, or within the United
States, when an online platform is not otherwise in-
volved;

(4) how illicit funds that have been transmitted
online and through virtual currencies are repatriated
into the formal banking system of the United States through money laundering or other means;

(5) the participants (state and non-state actors) throughout the entire supply chain that participate in or benefit from the buying, selling, or financing of goods and services associated with sex or drug trafficking (either through online marketplaces or virtual currencies) destined for, originating from, or within the United States;

(6) Federal and State agency efforts to impede the buying, selling, or financing of goods and services associated with sex or drug trafficking destined for, originating from, or within the United States, including efforts to prevent the proceeds from sex or drug trafficking from entering the United States banking system;

(7) how virtual currencies and their underlying technologies can be used to detect and deter these illicit activities; and

(8) to what extent can the immutable and traceable nature of virtual currencies contribute to the tracking and prosecution of illicit funding.

(b) SCOPE.—For the purposes of the study required under subsection (a), the term “sex trafficking” means the recruitment, harboring, transportation, provision, obtain-
ing, patronizing, or soliciting of a person for the purpose of a commercial sex act that is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age.

(c) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report summarizing the results of the study required under subsection (a), together with any recommendations for legislative or regulatory action that would improve the efforts of Federal agencies to impede the use of virtual currencies and online marketplaces in facilitating sex and drug trafficking.

TITLE XXIV—IMPROVING INVESTMENT RESEARCH FOR SMALL AND EMERGING ISSUERS

SEC. 2401. RESEARCH STUDY.

(a) STUDY REQUIRED.—The Securities and Exchange Commission shall conduct a study to evaluate the issues affecting the provision of and reliance upon investment research into small issuers, including emerging
growth companies and companies considering initial public offerings.

(b) CONTENTS OF STUDY.—The study required under subsection (a) shall consider—

(1) factors related to the demand for such research by institutional and retail investors;

(2) the availability of such research, including—

(A) the number and types of firms who provide such research;

(B) the volume of such research over time;

and

(C) competition in the research market;

(3) conflicts of interest relating to the production and distribution of investment research;

(4) the costs of such research;

(5) the impacts of different payment mechanisms for investment research into small issuers, including whether such research is paid for by—

(A) hard-dollar payments from research clients;

(B) payments directed from the client’s commission income (i.e., “soft dollars”); or

(C) payments from the issuer that is the subject of such research;
(6) any unique challenges faced by minority-owned, women-owned, and veteran-owned small issuers in obtaining research coverage; and

(7) the impact on the availability of research coverage for small issuers due to—

(A) investment adviser concentration and consolidation, including any potential impacts of fund-size on demand for investment research of small issuers;

(B) broker and dealer concentration and consolidation, including any relationships between the size of the firm and allocation of resources for investment research into small issuers;

(C) Securities and Exchange Commission rules;

(D) registered national securities association rules;

(E) State and Federal liability concerns;

(F) the settlement agreements referenced in Securities and Exchange Commission Litigation Release No. 18438 (i.e., the “Global Research Analyst Settlement”); and

on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as implemented by the European Union (‘‘EU’’) member states (‘‘MiFID II’’).

(c) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall submit to Congress a report that includes—

(1) the results of the study required by subsection (a); and

(2) recommendations to increase the demand for, volume of, and quality of investment research into small issuers, including emerging growth companies and companies considering initial public offerings.

TITLE XXV—DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS

SEC. 2501. DEFINITIONS.

Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Securities and Exchange Commission shall—

(1) revise the definition of a qualifying investment under paragraph (c) of section 275.203(l)–1 of title 17, Code of Federal Regulations, to include an
equity security issued by a qualifying portfolio company, whether acquired directly from the company or in a secondary acquisition; and

(2) revise paragraph (a) of such section to require, as a condition of a private fund qualifying as a venture capital fund under such paragraph, that the qualifying investments of the private fund are predominantly qualifying investments that were acquired directly from a qualifying portfolio company.

TITLE XXVI—EXPANDING INVESTMENT IN SMALL BUSINESSES

SEC. 2601. SEC STUDY.

(a) In general.—The Securities and Exchange Commission shall carry out a study of the 10 per centum threshold limitation applicable to the definition of a diversified company under section 5(b)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and determine whether such threshold limits capital formation.

(b) Considerations.—In carrying out the study required under subsection (a), the Commission shall consider the following:

(1) The size and number of diversified companies that are currently restricted in their ability to
own more than 10 percent of the voting shares in an individual company.

(2) If investing preferences of diversified companies have shifted away from companies with smaller market capitalizations.

(3) The expected increase in the availability of capital to small and emerging growth companies if the threshold is increased.

(4) The ability of registered funds to manage liquidity risk.

(5) Any other consideration that the Commission considers necessary and appropriate for the protection of investors.

(e) SOLICITATION OF PUBLIC COMMENTS.—In carrying out the study required under subsection (a), the Commission may solicit public comments.

(d) REPORT.—Not later than the end of the 180-day period beginning on the date of enactment of this Act, the Commission shall issue a report to the Congress, and make such report publicly available on the website of the Commission, containing—

(1) all findings and determinations made in carrying out the study required under subsection (a); and
(2) any legislative recommendations of the Commission, including any recommendation to update the 10 per centum threshold.

TITLE XXVII—PROMOTING TRANSPARENT STANDARDS FOR CORPORATE INSIDERS

SEC. 2701. SEC STUDY.

(a) Study.—

(1) In general.—The Securities and Exchange Commission shall carry out a study of whether Rule 10b5–1 (17 C.F.R. 240.10b5–1) should be amended to—

(A) limit the ability of issuers and issuer insiders to adopt a plan described under paragraph (c)(1)(i)(A)(3) of Rule 10b5–1 (‘‘trading plan’’) when the issuer or issuer insider is permitted to buy or sell securities during issuer-adopted trading windows;

(B) limit the ability of issuers and issuer insiders to adopt multiple, overlapping trading plans;

(C) establish a mandatory delay between the adoption of a trading plan and the execution of the first trade pursuant to such a plan.
and, if so and depending on the Commission’s findings with respect to subparagraph (A)—

(i) whether any such delay should be the same for trading plans adopted during an issuer-adopted trading window as opposed to outside of such a window; and

(ii) whether any exceptions to such a delay are appropriate;

(D) limit the frequency that issuers and issuer insiders may modify or cancel trading plans;

(E) require issuers and issuer insiders to file with the Commission trading plan adop-
tions, amendments, terminations and trans-
actions; or

(F) require boards of issuers that have adopted a trading plan to—

(i) adopt policies covering trading plan practices;

(ii) periodically monitor trading plan transactions; and

(iii) ensure that issuer policies discuss trading plan use in the context of guide-
lines or requirements on equity hedging, holding, and ownership.
(2) ADDITIONAL considerATIONS.—In carrying out the study required under paragraph (1), the Commission shall consider—

(A) how any such amendments may clarify and enhance existing prohibitions against insider trading;

(B) the impact any such amendments may have on the ability of issuers to attract persons to become an issuer insider;

(C) the impact any such amendments may have on capital formation;

(D) the impact any such amendments may have on an issuer’s willingness to operate as a public company; and

(E) any other consideration that the Commission considers necessary and appropriate for the protection of investors.

(b) REPORT.—Not later than the end of the 1-year period beginning on the date of the enactment of this Act, the Commission shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing all findings and determinations made in carrying out the study required under section (a).
(c) RULEMAKING.—After the completion of the study required under subsection (a), the Commission shall, subject to public notice and comment, revise Rule 10b5–1 consistent with the results of such study.

TITLE XXVIII—INVESTMENT ADVISER REGULATORY FLEXIBILITY IMPROVEMENT

SEC. 2801. DEFINITION OF SMALL BUSINESS OF SMALL ORGANIZATION.

Not later than end the of the 1-year period beginning on the date of the enactment of this Act, the Securities and Exchange Commission shall revise the definitions of a “small business” and “small organization” under section 275.0–7 of title 17, Code of Federal Regulations, to provide alternative methods under which a business or organization may qualify as a “small business” or “small organization” under such section. In making such revision, the Commission shall consider whether such alternative methods should include a threshold based on the number of non-clerical employees of the business or organization.
TITLE XXIX—ENHANCING MULTI-CLASS SHARE DISCLOSURES

SEC. 2901. DISCLOSURE RELATING TO MULTI-CLASS SHARE STRUCTURES.

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

“(k) DISCLOSURE FOR ISSUERS WITH MULTI-CLASS SHARE STRUCTURES.—

“(1) Disclosure.—The Commission shall, by rule, require each issuer with a multi-class share structure to disclose the information described in paragraph (2) in any proxy or consent solicitation material for an annual meeting of the shareholders of the issuer, or any other filing as the Commission determines appropriate.

“(2) Content.—A disclosure made under paragraph (1) shall include, with respect to each person who is a director, director nominee, or named executive officer of the issuer, or who is the beneficial owner of securities with 5 percent or more of the total combined voting power of all classes of securities entitled to vote in the election of directors—

“(A) the number of shares of all classes of securities entitled to vote in the election of di-
rectors beneficially owned by such person, expressed as a percentage of the total number of the outstanding securities of the issuer entitled to vote in the election of directors; and

“(B) the amount of voting power held by such person, expressed as a percentage of the total combined voting power of all classes of the securities of the issuer entitled to vote in the election of directors.

“(3) MULTI-CLASS SHARE STRUCTURE.—In this subsection, the term ‘multi-class share structure’ means a capitalization structure that contains 2 or more classes of securities that have differing amounts of voting rights in the election of directors.”.

TITLE XXX—NATIONAL SENIOR INVESTOR INITIATIVE

SEC. 3001. SENIOR INVESTOR TASKFORCE.

Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following:

“(k) SENIOR INVESTOR TASKFORCE.—

“(1) ESTABLISHMENT.—There is established within the Commission the Senior Investor
Taskforce (in this subsection referred to as the ‘Taskforce’).

“(2) DIRECTOR OF THE TASKFORCE.—The head of the Taskforce shall be the Director, who shall—

“(A) report directly to the Chairman; and

“(B) be appointed by the Chairman, in consultation with the Commission, from among individuals—

“(i) currently employed by the Commission or from outside of the Commission; and

“(ii) having experience in advocating for the interests of senior investors.

“(3) STAFFING.—The Chairman shall ensure that—

“(A) the Taskforce is staffed sufficiently to carry out fully the requirements of this subsection; and

“(B) such staff shall include individuals from the Division of Enforcement, Office of Compliance Inspections and Examinations, and Office of Investor Education and Advocacy.

“(4) MINIMIZING DUPLICATION OF EFFORTS.— In organizing and staffing the Taskforce, the Chair-
man shall take such actions as may be necessary to
minimize the duplication of efforts within the divi-
sions and offices described under paragraph (3)(B)
and any other divisions, offices, or taskforces of the
Commission.

“(5) FUNCTIONS OF THE TASKFORCE.—The
Taskforce shall—

“(A) identify challenges that senior inves-
tors encounter, including problems associated
with financial exploitation and cognitive decline;

“(B) identify areas in which senior inves-
tors would benefit from changes in the regula-
tions of the Commission or the rules of self-reg-
ulatory organizations;

“(C) coordinate, as appropriate, with other
offices within the Commission, other taskforces
that may be established within the Commission,
self-regulatory organizations, and the Elder
Justice Coordinating Council; and

“(D) consult, as appropriate, with State
securities and law enforcement authorities,
State insurance regulators, and other Federal
agencies.

“(6) REPORT.—The Taskforce, in coordination,
as appropriate, with the Office of the Investor Advo-
cate and self-regulatory organizations, and in consultation, as appropriate, with State securities and law enforcement authorities, State insurance regulators, and Federal agencies, shall issue a report every 2 years to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, the first of which shall not be issued until after the report described in section 3 of the National Senior Investor Initiative Act of 2018 has been issued and considered by the Taskforce, containing—

“(A) appropriate statistical information and full and substantive analysis;

“(B) a summary of recent trends and innovations that have impacted the investment landscape for senior investors;

“(C) a summary of regulatory initiatives that have concentrated on senior investors and industry practices related to senior investors;

“(D) key observations, best practices, and areas needing improvement, involving senior investors identified during examinations, enforcement actions, and investor education outreach;
“(E) a summary of the most serious issues encountered by senior investors, including issues involving financial products and services;

“(F) an analysis with regard to existing policies and procedures of brokers, dealers, investment advisers, and other market participants related to senior investors and senior investor-related topics and whether these policies and procedures need to be further developed or refined;

“(G) recommendations for such changes to the regulations, guidance, and orders of the Commission and self-regulatory organizations and such legislative actions as may be appropriate to resolve problems encountered by senior investors; and

“(H) any other information, as determined appropriate by the Director of the Taskforce.

“(7) S UNSET.—The Taskforce shall terminate after the end of the 10-year period beginning on the date of the enactment of this subsection, but may be reestablished by the Chairman.

“(8) S ENIOR INVESTOR DEFINED.—For purposes of this subsection, the term ‘senior investor’ means an investor over the age of 65.”.
SEC. 3002. GAO STUDY.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress and the Senior Investor Taskforce the results of a study on the economic costs of the financial exploitation of senior citizens.

(b) CONTENTS.—The study required under subsection (a) shall include information with respect to—

(1) costs—

(A) associated with losses by victims that were incurred as a result of the financial exploitation of senior citizens;

(B) incurred by State and Federal agencies, law enforcement and investigatory agencies, public benefit programs, public health programs, and other public programs as a result of the financial exploitation of senior citizens; and

(C) incurred by the private sector as a result of the financial exploitation of senior citizens; and

(2) any other relevant costs that—

(A) result from the financial exploitation of senior citizens; and

(B) the Comptroller General determines are necessary and appropriate to include in
order to provide Congress and the public with a full and accurate understanding of the economic costs resulting from the financial exploitation of senior citizens in the United States.

(c) SENIOR CITIZEN DEFINED.—For purposes of this section, the term “senior citizen” means an individual over the age of 65.

TITLE XXXI—MIDDLE MARKET IPO UNDERWRITING COST

SEC. 3101. STUDY ON IPO FEES.

(a) STUDY.—The Securities and Exchange Commission, in consultation with the Financial Industry Regulatory Authority, shall carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings (“IPOs”). In carrying out such study, the Commission shall—

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

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

(B) compliance with Federal and State securities laws at the time of the IPO; and

(C) such other IPO-related costs as the Commission determines appropriate;
(2) compare and analyze the costs of an IPO with the costs of obtaining alternative sources of financing and of liquidity;

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

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

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

(A) the number of IPOs;

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

(C) the number of brokers and dealers active in underwriting IPOs;

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

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

(b) REPORT.—Not later than the end of the 360-day period beginning on the date of the enactment of this Act, the Commission shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a) and any administrative or legislative recommendations the Commission may have.

TITLE XXXII—CROWDFUNDING AMENDMENTS

SEC. 3201. CROWDFUNDING VEHICLES.

(a) Amendments to the Securities Act of 1933.—The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) in section 2(a) (15 U.S.C. 77b(a)), by adding at the end the following:

“(20) The term ‘crowdfunding vehicle’ has the meaning given the term in section 3(c)(15)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(15)(B)).”;

(2) in section 4(a)(6) (15 U.S.C. 77d(a)(6))—
(A) in subparagraph (A)—

(i) by inserting “, other than a crowdfunding vehicle,” after “sold to all investors”; and

(ii) by inserting “other than a crowdfunding vehicle,” after “the issuer,”;

and

(B) in subparagraph (B), in the matter preceding clause (i), by inserting “, other than a crowdfunding vehicle,” after “any investor”; and

(3) in section 4A(f) (15 U.S.C. 77d–1(f))—

(A) in the matter preceding paragraph (1), by striking “Section 4(6)” and inserting “Section 4(a)(6)”; and

(B) in paragraph (3), by inserting “by any of paragraphs (1) through (14) of” before “section 3(c)”.  

(b) Amendments to the Investment Company Act of 1940.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended by adding at the end the following:

“(15)(A) Any crowdfunding vehicle.

“(B) For purposes of this paragraph, the term ‘crowdfunding vehicle’ means a company—
“(i) the purpose of which (as set forth in the organizational documents of the company) is limited to acquiring, holding, and disposing of securities issued by a single company in 1 or more transactions made under section 4(a)(6) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6));

“(ii) that issues only 1 class of securities;

“(iii) that receives no compensation in connection with the acquisition, holding, or disposition of securities described in clause (i);

“(iv) no investment adviser or associated person of which receives any compensation on the basis of a share of capital gains upon, or capital appreciation of, any portion of the funds of an investor of the company;

“(v) the securities of which have been issued in a transaction made under section 4(a)(6) of the Securities Act of 1933 (15 U.S.C. 77d(a)(6)), where both the crowdfunding vehicle and the company whose securities the crowdfunding vehicle holds are co-issuers;

“(vi) that is current with respect to ongoing reporting requirements under section
227.202 of title 17, Code of Federal Regulations, or any successor regulation;

“(vii) that holds securities of a company that is subject to ongoing reporting requirements under section 227.202 of title 17, Code of Federal Regulations, or any successor regulation; and

“(viii) that is advised by an investment adviser that is—

“(I) registered under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.); and

“(II) required to—

“(aa) disclose to the investors of the company any fees charged by the investment adviser; and

“(bb) obtain approval from a majority of the investors of the company with respect to any increase in the fees described in item (aa).”.

(c) Amendments to the Investment Advisers Act of 1940.—The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended—

(1) in section 202(a) (15 U.S.C. 80b–2(a))—
(A) by redesignating the second paragraph (29) as paragraph (31); and

(B) by adding at the end the following:

“(32) The term ‘crowdfunding vehicle’ has the meaning given the term in section 3(c)(15)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(15)(B)).

“(33)(A) The term ‘crowdfunding vehicle adviser’ means an investment adviser that acts as an investment adviser solely with respect to crowdfunding vehicles.

“(B) A determination, for the purposes of subparagraph (A), regarding whether an investment adviser acts as an investment adviser solely with respect to crowdfunding vehicles shall not include any consideration of the activity of any affiliate of the investment adviser.”;

(2) in section 203 (15 U.S.C. 80b–3), by adding at the end the following:

“(o) CROWDFUNDING VEHICLE ADVISERS.—

“(1) IN GENERAL.—A crowdfunding vehicle adviser shall be required to register under this section.

“(2) TAILORED REQUIREMENTS.—As necessary or appropriate in the public interest and for the protection of investors, and to promote efficiency, com-
petition, and capital formation, the Commission may tailor the requirements under section 275.206(4)–2 of title 17, Code of Federal Regulations, with respect to the application of those requirements to a crowdfunding vehicle adviser.”; and

(3) in section 203A(a) (15 U.S.C. 80b–3a(a))—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking “or” at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting “; or”; and

(iii) by adding at the end the following:

“(C) is a crowdfunding vehicle adviser.”;

and

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting “a crowdfunding vehicle adviser,” after “unless the investment adviser is”; and

(ii) in subparagraph (B)(ii), in the matter preceding subclause (I), by inserting “except with respect to a crowdfunding vehicle adviser,” before “has assets”.
SEC. 3202. CROWDFUNDING EXEMPTION FROM REGISTRATION.

Section 12(g)(6) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(6)) is amended—

(1) by striking “The Commission” and inserting the following:

“(A) IN GENERAL.—The Commission”;

(2) in subparagraph (A), as so designated, by striking “section 4(6)” and inserting “section 4(a)(6)”;

and

(3) by adding at the end the following:

“(B) TREATMENT OF SECURITIES ISSUED BY CERTAIN ISSUERS.—

“(i) IN GENERAL.—An exemption under subparagraph (A) shall be unconditional for securities offered by an issuer that had a public float of less than $75,000,000, as of the last business day of the most recently completed semiannual period of the issuer, which shall be calculated in accordance with clause (ii).

“(ii) CALCULATION.—

“(I) IN GENERAL.—A public float described in clause (i) shall be calculated by multiplying the aggregate worldwide number of shares of
the common equity securities of an
issuer that are held by non-affiliates
by the price at which those securities
were last sold (or the average bid and
asked prices of those securities) in the
principal market for those securities.

“(II) Calculation of zero.—
If a public float calculation under sub-
clause (I) with respect to an issuer is
zero, an exemption under subpara-
graph (A) shall be unconditional for
securities offered by the issuer if the
issuer had annual revenues of less
than $50,000,000, as of the most re-
cently completed fiscal year of the
issuer.”.

Amend the title so as to read: “A bill to modernize
U.S. markets and to promote capital formation, investor
confidence, and economic growth, and for other pur-
poses.”.