

Union Calendar No. 252

118TH CONGRESS
1ST SESSION

H. R. 2627

[Report No. 118-312]

To amend the Investment Company Act of 1940 to prohibit limitations on closed-end companies investing in private funds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2023

Mrs. WAGNER (for herself and Mr. MEEKS) introduced the following bill;
which was referred to the Committee on Financial Services

DECEMBER 12, 2023

Additional sponsors: Mr. TORRES of New York, Mr. DAVID SCOTT of Georgia,
and Mr. NICKEL

DECEMBER 12, 2023

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on April 13, 2023]

A BILL

To amend the Investment Company Act of 1940 to prohibit limitations on closed-end companies investing in private funds, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Increasing Investor Op-*
5 *portunities Act”.*

6 **SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN**
7 **PRIVATE FUNDS.**

8 *(a) IN GENERAL.—Section 5 of the Investment Com-*
9 *pany Act of 1940 (15 U.S.C. 80a–5) is amended by adding*
10 *at the end the following:*

11 *“(d) CLOSED-END COMPANY AUTHORITY TO INVEST IN*
12 *PRIVATE FUNDS.—*

13 *“(1) IN GENERAL.—Except as otherwise prohib-*
14 *ited or restricted by this Act (or any rule issued*
15 *under this Act), the Commission may not prohibit or*
16 *otherwise limit a closed-end company from investing*
17 *any or all of the assets of the closed-end company in*
18 *securities issued by private funds.*

19 *“(2) OTHER RESTRICTIONS ON COMMISSION AU-*
20 *THORITY.—*

21 *“(A) IN GENERAL.—Except as otherwise*
22 *prohibited or restricted by this Act (or any rule*
23 *issued under this Act) or to the extent permitted*
24 *by subparagraph (B), the Commission may not*

1 *impose any condition on, restrict, or otherwise*
2 *limit—*

3 “(i) *the offer to sell, or the sale of, secu-*
4 *rities issued by a closed-end company that*
5 *invests, or proposes to invest, in securities*
6 *issued by private funds; or*

7 “(ii) *the listing of the securities of a*
8 *closed-end company described in clause (i)*
9 *on a national securities exchange.*

10 “(B) *UNRELATED RESTRICTIONS.—The*
11 *Commission may impose a condition on, restrict,*
12 *or otherwise limit an activity described in clause*
13 *(i) or (ii) of subparagraph (A) if that condition,*
14 *restriction or limitation is unrelated to the un-*
15 *derlying characteristics of a private fund or the*
16 *status of a private fund as a private fund.*

17 “(3) *APPLICATION.—Notwithstanding section*
18 *6(f), this subsection shall also apply to a closed-end*
19 *company that elects to be treated as a business devel-*
20 *opment company pursuant to section 54.”.*

21 “(b) *DEFINITION OF PRIVATE FUND.—Section 2(a) of*
22 *the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))*
23 *is amended by adding at the end the following:*

1 “(55) *The term ‘private fund’ has the meaning*
2 *given in section 202(a) of the Investment Advisers Act*
3 *of 1940 (15 U.S.C. 80b–2(a)).”.*

4 (c) *TREATMENT BY NATIONAL SECURITIES EX-*
5 *CHANGES.—Section 6 of the Securities Exchange Act of*
6 *1934 (15 U.S.C. 78f) is amended by adding at the end the*
7 *following:*

8 “(m)(1) *Except as otherwise prohibited or restricted by*
9 *rules of the exchange that are consistent with section 5(d)*
10 *of the Investment Company Act of 1940 (15 U.S.C. 80a–*
11 *5(d)), an exchange may not prohibit, condition, restrict, or*
12 *impose any other limitation on the listing or trading of*
13 *the securities of a closed-end company when the closed-end*
14 *company invests, or may invest, some or all of the assets*
15 *of the closed-end company in securities issued by private*
16 *funds.*

17 “(2) *In this paragraph—*

18 “(A) *the term ‘closed-end company’—*

19 “(i) *has the meaning given the term in sec-*
20 *tion 5(a) of the Investment Company Act of 1940*
21 *(15 U.S.C. 80a–5(a)); and*

22 “(ii) *includes a closed-end company that*
23 *elects to be treated as a business development*
24 *company pursuant to section 54 of the Invest-*

1 *ment Company Act of 1940 (15 U.S.C. 80a–53);*
2 *and*

3 “(B) *the term ‘private fund’ has the meaning*
4 *given the term in section 2(a) of the Investment Com-*
5 *pany Act of 1940 (15 U.S.C. 80a–2(a)).”.*

6 (d) *INVESTMENT LIMITATION.*—*Section 3(c) of the In-*
7 *vestment Company Act of 1940 (15 U.S.C. 80a–3(c)) is*
8 *amended—*

9 (1) *in paragraph (1), in the matter preceding*
10 *subparagraph (A), in the second sentence, by striking*
11 *“subparagraphs (A)(i) and (B)(i)” and inserting*
12 *“subparagraphs (A)(i), (B)(i), and (C)”;* *and*

13 (2) *in paragraph (7)(D), by striking “subpara-*
14 *graphs (A)(i) and (B)(i)” and inserting “subpara-*
15 *graphs (A)(i), (B)(i), and (C)”.*

16 (e) *RULES OF CONSTRUCTION.*—

17 (1) *Nothing in this Act or the amendments made*
18 *by this Act may be construed to limit or amend any*
19 *fiduciary duty owed to a closed-end company (as de-*
20 *fined in section 5(a)(2) of the Investment Company*
21 *Act of 1940 (15 U.S.C. 80a–5(a)(2))) or by an invest-*
22 *ment adviser (as defined under section 2(a) of the In-*
23 *vestment Company Act of 1940 (15 U.S.C. 80a–2(a)))*
24 *to a closed-end company.*

1 (2) *Nothing in this Act or the amendments made*
2 *by this Act may be construed to limit or amend the*
3 *valuation, liquidity, or redemption requirements or*
4 *obligations of a closed-end company (as defined in*
5 *section 5(a)(2) of the Investment Company Act of*
6 *1940 (15 U.S.C. 80a-5(a)(2))) as required by the In-*
7 *vestment Company Act of 1940.*

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