

116TH CONGRESS  
1ST SESSION

# H. R. 3050

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## AN ACT

To require the Securities and Exchange Commission to carry out a study of the 10 per centum threshold limitation applicable to the definition of a diversified company under the Investment Company Act of 1940, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Expanding Investment  
3 in Small Businesses Act of 2019”.

4 **SEC. 2. SEC STUDY.**

5 (a) IN GENERAL.—The Securities and Exchange  
6 Commission shall carry out a study of the 10 per centum  
7 threshold limitation applicable to the definition of a diver-  
8 sified company under section 5(b)(1) of the Investment  
9 Company Act of 1940 (15 U.S.C. 80a–5(b)(1)) and deter-  
10 mine the impacts of such threshold limits upon the protec-  
11 tion of investors, efficiency, competition, and capital for-  
12 mation.

13 (b) CONSIDERATIONS.—In carrying out the study re-  
14 quired under subsection (a), the Commission shall con-  
15 sider the following:

16 (1) The size and number of diversified compa-  
17 nies that are currently restricted in their ability to  
18 own more than 10 percent of the voting shares in an  
19 individual company.

20 (2) How the investing preferences of diversified  
21 companies have shifted over time with respect to  
22 companies with smaller market capitalizations and  
23 companies in industries where competition may be  
24 limited.

25 (3) The expected impact to small and emerging  
26 growth companies regarding the availability of cap-

1       ital, related impacts on investor confidence and risk,  
2       and impacts on competition, if the threshold is in-  
3       creased or otherwise changed.

4               (4) The ability of registered funds to manage li-  
5       quidity risk.

6               (5) Any other consideration that the Commis-  
7       sion considers necessary and appropriate for the pro-  
8       tection of investors.

9       (c) SOLICITATION OF PUBLIC COMMENTS.—In car-  
10      rying out the study required under subsection (a), the  
11      Commission may solicit public comments.

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

17              (1) all findings and determinations made in car-  
18      rying out the study required under subsection (a);  
19      and

1           (2) any legislative recommendations of the  
2           Commission.

Passed the House of Representatives July 9, 2019.

Attest:

*Clerk.*



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