

M E M O R A N D U M

To: Members of the Committee on Financial Services
From: Financial Services Committee Majority Staff
Date: June 5, 2014
Subject: June 10, 2014, Full Committee Markup

The Committee on Financial Services will meet to mark up the following measures at 10:00 a.m. on Tuesday, June 10, 2014, and subsequent days if necessary, in room 2128 of the Rayburn House Office Building:

H.R.4697, the Small-Cap Access to Capital Act

Rep. Kevin McCarthy introduced H.R. 4697, the Small-Cap Access to Capital Act. H.R. 4697 would require the Securities and Exchange Commission (SEC) to revise the definition of a Well-Known Seasoned Issuer (WKSI) to reduce the dollar amount relating to the worldwide market value of outstanding common equity from \$700 million to \$250 million. H.R. 4697 also prohibits an emerging growth company from qualifying as a WKSI.

H.R. 2629, the Fostering Innovation Act of 2013

Rep. Michael Fitzpatrick introduced H.R. 2629, the Fostering Innovation Act of 2013. H.R. 2629 requires the SEC to amend Rule 12b-2 so that companies with a public float of either (i) less than \$250 million with no annual revenue restriction or (ii) between \$250 million and \$700 million and less than \$100 million in annual revenue are deemed “non-accelerated filers” and can therefore take advantage of certain exemptions from the securities laws and the Sarbanes-Oxley Act of 2002.

H.R. 4564, the Equity Crowdfunding Improvement Act of 2014

Rep. Patrick McHenry introduced H.R. 4564, the Equity Crowdfunding Improvement Act. H.R. 4564 preempts state regulation of crowdfunding offerings while preserving the states’ ability to bring enforcement proceedings for alleged violations of state law. H.R. 4564 increases the annual cap to \$5,000 for all investors (unless accredited investors). H.R. 4564 also exempts crowdfunding securities from the shareholder registration thresholds in Section 12(g) of the Securities Exchange Act of 1934. Additionally, H.R. 4564 facilitates the use of special purpose vehicles (SPVs) for equity crowdfunding . Separately, the Act would authorize the SEC to issue regulations related to testing-the-waters communication under equity crowdfunding, extending the use of solicitation of interest document prior to a formal offering. Under H.R. 4564, intermediaries would be required to warn investors of investment risks and inform them of resale restrictions, and ensure that investors demonstrate they are knowledgeable about

the potential risks associated with investing in securities offered through crowdfunding. Intermediaries, each registered with the SEC and applicable self-regulatory organization (SRO), would also be required to take steps to reduce fraudulent transactions, conduct background checks on issuers, and provide the SEC with information about issuers, and withhold the sale of securities until 100 percent of the business's target offering is met.

H.R. ____, to reauthorize the Defense Production Act, to improve the Defense Production Act Committee, and for other purposes

This bill, to be introduced by Monetary and Policy Trade Subcommittee Chairman Campbell, reauthorizes the Defense Production Act and makes certain reforms to its authorities. The bill extends the DPA's authorization for five years—until September 30, 2019. It also would reform the use of Title III authorities by requiring the President to sign the “determination” that there is a domestic security need but a domestic production shortfall, instead of delegating that decision. It further requires a separate Congressional authorization for any Title III program if its cost exceeded \$50 million. Finally, the bill reforms the inter-agency Defense Production Act Committee (DPAC) to focus its readiness planning solely on Title I emergency needs.

H.R. 3770, the CFPB-IG Act of 2013

Introduced by Representative Stivers, the CFPB-IG Act would create a separate, independent inspector general for the CFPB. The CFPB currently shares an inspector general with the Federal Reserve System.

H.R. 4262, the Bureau Advisory Commission Transparency Act

Introduced by Representative Duffy, the CFPB Advisory Commission Transparency Act clarifies that the Federal Advisory Committee Act (Pub. L. No. 92-463) applies to the CFPB.

H.R. 4383, the Bureau of Consumer Financial Protection Small Business Advisory Board Act

Introduced by Representative Pittenger, the Bureau of Consumer Financial Protection Small Business Advisory Board Act creates a small business advisory board at the CFPB.

H.R. 4539, the Bureau Research Transparency Act

Introduced by Representative Fitzpatrick, the Bureau Research Transparency Act requires that CFPB research papers made available to the public be accompanied by all studies, data, and analyses on which the paper was based.

H.R. 4604, the CFPB Data Collection Security Act

Introduced by Representative Westmoreland, the CFPB Data Collection Security Act requires the CFPB to create an opt-out list for consumers who do not want the CFPB to collect personally identifiable information about them and to delete or destroy information about a particular consumer within a specified period of time following collection. It further requires CFPB employees accessing personally identifiable information about consumers to hold a ‘confidential’ security clearance.

H.R. ____, the Bureau Guidance Transparency Act

Introduced by Representative Stutzman, the Bureau Guidance Transparency Act would require that the CFPB, in issuing any guidance, provide a public notice and comment period before issuing the guidance in final form, and must make public any studies, data, and other analysis it relied on in preparing and issuing its guidance. The bill also nullifies CFPB Bulletin 2013-02 but clarifies that the bill does not prohibit the CFPB from issuing guidance on the same topic, in a manner consistent with the bill’s provisions, in the future.

H.R. 3389, the CFPB Slush Fund Elimination Act

Introduced by Financial Institutions and Consumer Credit Subcommittee Chairman Capito, the CFPB Slush Fund Elimination Act eliminates the Bureau’s Civil Penalty Fund and requires the CFPB to remit fines it collects to the U.S. Treasury.

H.R. 4662, the Bureau Advisory Opinion Act

Introduced by Representative Posey, the Bureau Advisory Opinion Act establishes a process by which covered persons can submit inquiries concerning the conformance of prospective products and services with Federal consumer financial law and receive a confidential opinion from the Director.

H.R. ____, the Bureau Examination Fairness Act

Introduced by Representative Mulvaney, the Bureau Examination Fairness Act prohibits the CFPB from including enforcement attorneys in examinations, regulates CFPB data requests during the course of examination, places time limitations on the completion of examination field work and the issuance of exam reports and supervisory letters, and prohibits concurrent limited-scope exams at the same institution.

H.R. ____, to place a 6-month moratorium on the authority of the Financial Stability Oversight Council to make financial stability determinations

This bill suspends for six months the ability of the Financial Stability Oversight Council (FSOC) to make a determination under section 113 of the Dodd-Frank Act that a nonbank financial company shall be supervised by the Board of Governors of the Federal Reserve System and subject to prudential standards.

H.R. 4387, the FSOC Transparency and Accountability Act

Capital Markets and Government Sponsored Enterprises Subcommittee Chairman Scott Garrett introduced H.R. 4387, the FSOC Transparency and Accountability Act. H.R. 4387 amends Section 111 of the Dodd-Frank Act to make the FSOC subject to both the Government in the Sunshine Act and the Federal Advisory Committee Act. The bill allows all members of the commissions and boards represented on the FSOC—such as the Securities and Exchange Commission, the Federal Reserve, the Commodity Futures Trading Commission, and the National Credit Union Administration—to attend and participate in the FSOC’s meetings. The bill also requires that before the principal of a Commission or Board represented on the FSOC votes as an FSOC member on an issue before the FSOC, the Commission or Board must vote on the issue, and the principal must follow that vote at the FSOC meeting. Finally, the bill permits Members of the Committee on Financial Services and the Committee on Banking, Housing, and Urban Affairs to attend all FSOC meetings, whether or not the meeting is open to the public.