

.....  
(Original Signature of Member)

113TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend section 13 of the Bank Holding Company Act of 1956, known as the Volcker Rule, to exclude certain debt securities of collateralized loan obligations from the prohibition against acquiring or retaining an ownership interest in a hedge fund or private equity fund.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. BARR introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_  
\_\_\_\_\_

**A BILL**

To amend section 13 of the Bank Holding Company Act of 1956, known as the Volcker Rule, to exclude certain debt securities of collateralized loan obligations from the prohibition against acquiring or retaining an ownership interest in a hedge fund or private equity fund.

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 “Restoring Proven Fi-  
5 nancing for American Employers Act”.

1 **SEC. 2. RULES OF CONSTRUCTION RELATING TO**  
2 **COLLATERALIZED LOAN OBLIGATIONS.**

3 Section 13(g) of the Bank Holding Company Act of  
4 1956 (12 U.S.C. 1851(g)) is amended by adding at the  
5 end the following new paragraphs:

6 “(4) COLLATERALIZED LOAN OBLIGATIONS.—

7 “(A) INAPPLICABILITY TO CERTAIN  
8 COLLATERALIZED LOAN OBLIGATIONS.—Noth-  
9 ing in this section shall be construed to require  
10 the divestiture of any debt securities of  
11 collateralized loan obligations, if such  
12 collateralized loan obligations were issued be-  
13 fore January 31, 2014.

14 “(B) OWNERSHIP INTEREST WITH RE-  
15 SPECT TO COLLATERALIZED LOAN OBLIGA-  
16 TIONS.—A banking entity shall not be consid-  
17 ered to have an ownership interest in a  
18 collateralized loan obligation because it acquires  
19 or retains a debt security in such collateralized  
20 loan obligation if the debt security has no indi-  
21 cia of ownership other than the right of the  
22 banking entity to participate in the removal for  
23 cause, or in the selection of a replacement after  
24 removal for cause or resignation, of an invest-  
25 ment manager or investment adviser of the  
26 collateralized loan obligation.

1                   “(C) DEFINITIONS.—For purposes of this  
2 paragraph:

3                   “(i) COLLATERALIZED LOAN OBLIGA-  
4 TION.—The term ‘collateralized loan obli-  
5 gation’ means any issuing entity of an  
6 asset-backed security, as defined in section  
7 3(a)(77) of the Securities Exchange Act of  
8 1934 (15 U.S.C. 78c(a)(77)), that is com-  
9 prised primarily of commercial loans.

10                   “(ii) REMOVAL FOR CAUSE.—An in-  
11 vestment manager or investment adviser  
12 shall be deemed to be removed ‘for cause’  
13 if the investment manager or investment  
14 adviser is removed as a result of—

15                   “(I) a breach of a material term  
16 of the applicable management or advi-  
17 sory agreement or the agreement gov-  
18 erning the collateralized loan obliga-  
19 tion;

20                   “(II) the inability of the invest-  
21 ment manager or investment adviser  
22 to continue to perform its obligations  
23 under any such agreement; or

24                   “(III) any other action or inac-  
25 tion by the investment manager or in-

1                   vestment adviser that has or could  
2                   reasonably be expected to have a ma-  
3                   terially adverse effect on the  
4                   collateralized loan obligation, if the in-  
5                   vestment manager or investment ad-  
6                   viser fails to cure or take reasonable  
7                   steps to cure such effect within a rea-  
8                   sonable time.”.