

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 2622
OFFERED BY MR. GOTTHEIMER OF NEW JERSEY**

Page 1, strike line 1 and all that follows and insert
the following:

1 SECTION 1. EXTENSION OF NO-ACTION LETTER; STUDY.

2 (a) FINDINGS.—Congress finds the following:

3 (1) The Securities and Exchange Commission
4 staff first granted temporary no-action relief in
5 2017, prior to the implementation of European rules
6 designed to protect European investors from exces-
7 sive costs and conflicts of interest.

8 (2) The Commission staff did not engage in any
9 meaningful cost-benefit analysis of the issues raised
10 by the no-action relief requested either prior to or
11 following the granting of no-action relief in 2017.

12 (3) The Commission staff revised and extended
13 the temporary no-action relief in 2019, again with-
14 out any meaningful cost-benefit analysis of the
15 issues raised by the no-action relief requested prior
16 to or following the granting of the relief.

17 (4) There are currently approximately 15,300
18 registered investment advisers, including affiliates

1 that provide the vast majority of investment re-
2 search.

3 (5) The Commission has received complaints
4 from investors and investor advocacy groups express-
5 ing concerns with the no-action relief, as it currently
6 exists.

7 (6) The Commission has received concerns from
8 broker-dealers related to the potential expiration of
9 the no-action relief.

10 (b) EXTENSION OF NO-ACTION LETTER.—The Com-
11 mission shall provide an additional 6-month extension of
12 the October 26, 2017, Securities Industry and Financial
13 Markets Association, SEC Staff No-Action Letter, set to
14 expire on July 3, 2023.

15 (c) STUDY REQUIRED.—After the announcement ex-
16 tending the expiration date of the no-action letter under
17 subsection (b), the Commission shall conduct, through no-
18 tice and comment, a study of the impact of allowing the
19 no-action letter's expiration or maintenance of the no-ac-
20 tion letter, and give due regard to any comments received
21 in conducting the study. The Commission or delegated
22 staff shall report their findings and conclusions, including
23 findings related to the expiration of the no-action relief,
24 to the Committee on Financial Services of the House of

1 Representatives and the Committee on Banking, Housing,
2 and Urban Affairs of the Senate.

3 (d) CONTENTS OF STUDY.—The study required
4 under subsection (c) shall include potential impacts on the
5 research market for smaller issuers, including—

6 (1) the availability of such research, includ-
7 ing—

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

10 (B) the volume of such research over time;
11 and

12 (C) competition in the research market;

13 (2) any unique challenges faced by minority-
14 owned, women-owned, and veteran owned small
15 issuers in obtaining research coverage;

16 (3) the impact on the availability of research
17 coverage for small issuers due to Commission rules;

18 (4) a cost-benefit analysis of regulatory options
19 that will support research coverage of small entities
20 and increase transparency in the cost of research
21 provided by broker-dealers;

22 (5) the impact of the no-action relief on inves-
23 tors in registered investment companies and exempt
24 investment funds, pension funds, endowments, and
25 other asset owners, investment advisers, broker-deal-

1 ers that provide both investment research and trad-
2 ing services, independent investment advisers that do
3 not provide trading services, broker-dealers that do
4 not provide investment research, and other market
5 participants, including issuers of securities; and

6 (6) the potential impacts of the expiration of
7 the no-action relief on investors in registered invest-
8 ment companies and exempt investment funds, pen-
9 sion funds, endowments, investment advisers, and
10 other asset owners, broker-dealers that provide both
11 investment research and trading services, inde-
12 pendent investment advisers that do not provide
13 trading services, broker-dealers that do not provide
14 investment research, and other market participants,
15 including issuers of securities.

