

MEMORANDUM

To: Members of the Committee on Financial Services

From: Financial Services Committee Majority Staff

Date: June 4, 2018

Subject: June 7, 2018 Full Committee Markup

The Committee on Financial Services will meet to mark up the following measures, in an order to be determined by the Chairman, at 11:00 am on Thursday, June 7, and subsequent days if necessary, in room 2128 of the Rayburn House Office Building:

H.R. 3861, the “Federal Insurance Office Reform Act of 2017”

Introduced by Representative Sean Duffy, H.R. 3861, the “Federal Insurance Office Reform Act of 2017”, would streamline the Federal Insurance Office (FIO) and would eliminate duplicative duties performed by state insurance regulators and focus FIO’s mission on the coordination between state insurance regulators and the federal government on issues of international importance. As proposed to be modified by an Amendment in the Nature of a Substitute to be offered by Representative Duffy, eliminates FIO’s subpoena authority (and general authority) to collect information directly from insurers, eliminates the authority of FIO to study and issue reports (unless requested by Congress), eliminates Treasury’s authority to assign new duties or authorities to the FIO, and clarifies that neither FIO nor the Treasury Department has the authority to participate in supervisory colleges. On coordination of issues of international importance, the FIO would be required to work towards consensus with state regarding international matters, seek to include state insurance commissioners in meetings throughout the negotiation of covered agreements, and defines that a covered agreement shall not include new prudential requirements.

H.R. 4557, the “Reforming Disaster Recovery Act of 2018”

Introduced by Representative Ann Wagner, H.R. 4557, the “Reforming Disaster Recovery Act of 2018”, would amend Title I of the Housing and Community

Development Act of 1974 to establish guidance and standards on how disaster funds may be distributed and accounted for if those funds are appropriated by Congress and distributed through the Community Development Block Grant Disaster Recovery (CDBG-DR) program to be given to states and localities. The CDBG-DR program allows communities to start the recovery process after a natural disaster and seeks to help those communities and neighborhoods, with limited resources, rebuild after a catastrophic event. Since 1992, Congress has appropriated approximately \$85 billion in CDBG-DR funds. The Subcommittee on Oversight and Investigations held two hearings to examine the CDBG-DR program on May 17, 2018 and November 1, 2017. As proposed to be modified by an amendment in the nature of a substitute to be offered by Representative Wagner would further strengthens the CDBG-DR program to strengthen oversight and establish a mechanism to allow relief funds to reach those who need them most.

H.R. 5054, the Small Company Disclosure Simplification Act of 2018

Introduced by Representative David Kustoff, the “Small Company Disclosure Simplification Act of 2018” provides a voluntary exemption for all Emerging Growth Companies (EGC) and other issuers with annual gross revenues under \$250 million from the Security and Exchange Commission’s (SEC) requirements to file their financial statements in an interactive data format known as eXtensible Business Reporting Language (XBRL). The exemption for either five years or two years after the SEC establishes that the benefits of XBRL to smaller issuers outweigh the costs, whichever occurs first. The bill also directs the SEC to conduct an economic analysis on the costs and benefits of XBRL to smaller issuers and to report to Congress on the SEC and investors’ use of the information.

H.R. 5756, To require the Securities and Exchange Commission to adjust certain resubmission thresholds for shareholder proposals

Introduced by Representative Sean Duffy, H.R. 5756 directs the SEC to revise Rule 14a-8(c)(12) to allow a company to exclude a shareholder proposal that focuses on substantially the same subject matter as a prior proposal that failed to receive at least six (6)% of the vote on its first submission, 15% on the second submission, and 30% on the third submission.

H.R. 5783, “Cooperate with Law Enforcement Agencies and Watch Act”

Introduced by Representative French Hill, H.R. 5783, the “Cooperate with Law Enforcement Agencies and Watch Act” provides safe harbor to financial institutions that keep an account open at the request of a federal law enforcement agency for investigatory purposes. The bill supports law enforcement by allowing financial

institutions to comply with a request to maintain a suspicious account without being penalized by regulators. Under this bill, no federal department or agency may take an adverse supervisory action with respect to the financial institution keeping such an account open.

H.R. 5877, the Main Street Growth Act of 2018

Introduced by Representative Tom Emmer, the “Main Street Growth Act”, allows for the creation and registration of venture exchanges with the SEC. Venture exchanges would be prohibited from extending Unlisted Trading Privileges (UTP) to any venture security, which would prevent venture securities from trading on exchanges other than the one that it is listed on in order to concentrate liquidity onto the venture exchange, and venture exchanges would be exempt from decimalization. Under the bill, securities eligible to trade on a venture exchange are “venture securities,” which must be an exempted transaction under Regulation A and A+ from an “early-stage, growth company,” a security offered by an EGC as defined by the JOBS Act, or a security whose issuer’s public float is less than that which would qualify it as a large accelerated filer or whose securities have an Average Daily Trade Volume (ADTV) of less than 75,000 shares over a 60-day period.

H.R. ____, the Streamlining Communications for Investors Act

To be introduced by Representative Ted Budd, the “Streamlining Communications for Investors Act”, directs the SEC to revise Rule 163(c) to allow a well-known seasoned issuer (WKSI) to authorize an underwriter or dealer to act as its agent or representative in communicating about offerings of the issuer’s securities prior to the filing of a registration statement. A WSKI will be allowed to rely on the exemption provided in Rule 163 if, before such a communication is made, the underwriter or dealer making such communication receives written authorization from the WKSI to act as its agent or representative and the WKSI authorized or approved such communication. Additionally, a WKSI must identify in the prospectus filed for an offering each underwriter or dealer that has made oral or written communications related to the offering in reliance on the exemption.