

Memorandum

To: Members of the Committee on Financial Services
From: Financial Services Committee Majority Staff
Date: December 3, 2015
Subject: December 8, 2015, Full Committee Markup

The Committee on Financial Services will meet to mark up the following measures at 2:00 p.m. on Tuesday, December 8, 2015, and subsequent days if necessary, in room 2128 of the Rayburn House Office Building:

H.R. 2187, the Fair Investment Opportunities for Professional Experts Act

Introduced by Representative Schweikert, the Fair Investment Opportunities for Professional Experts Act amends the definition of accredited investor under the Securities Act of 1933. Representative Schweikert has circulated an Amendment In The Nature of a Substitute, which modifies the accredited investor definition to include: (1) persons whose individual net worth, including their spouse's, exceeds \$1,000,000, excluding the value of their primary residence; (2) persons with an individual income greater than \$200,000, or \$300,000 for joint income; (3) persons with a current securities-related license; and (4) persons whom the Securities and Exchange Commission (SEC) determines have demonstrable education or job experience to qualify as having professional subject-matter knowledge related to a particular investment. For the latter category, the Financial Industry Regulatory Authority (FINRA) must verify the person's education or job experience.

H.R. 2205, the Data Security Act of 2015

Introduced by Representative Neugebauer, the Data Security Act of 2015 establishes a national data security standard and a national data breach notification standard with a strong Federal enforcement mechanism overseen by the Federal Trade Commission (FTC). The bill would replace the current patchwork of state and federal regulations for data breaches with a national law that provides uniform protections across the country.

This bill creates a scalable standard commensurate to the size and complexity of the organization, the nature and scope of the activities of the organization, and the

sensitivity of the consumer information to be protected. The data security standard is technology neutral and process specific.

Additionally, this bill implements requirements for consumer and law enforcement notification after a breach, with the trigger for notification occurring only after a company confirms that hackers have acquired sensitive account or sensitive personal information that can be used for identity theft or financial fraud.

H.R. 2287, the National Credit Union Administration Budget Transparency Act

Introduced by Representative Mulvaney, the National Credit Union Administration Budget Transparency Act amends Section 209(b) of the Federal Credit Union Act (12 U.S.C. 1789) to require the National Credit Union Administration Board, before the annual submission of its detailed budget, to:

- (1) print a draft of the budget in the Federal Register;
- (2) hold a public hearing to receive comments from the public on the draft; and
- (3) detail how the budget will address comments submitted by the public.

H.R. 3700, the Housing Opportunity Through Modernization Act of 2015

Introduced by Representative Luetkemeyer, the Housing Opportunity Through Modernization Act of 2015 reforms certain HUD and Rural Housing Service programs in order to improve their effectiveness and provide enhanced opportunity for program beneficiaries and the organizations that serve such individuals. Among these reforms, H.R. 3700 streamlines the inspection protocol for rental assistance units, simplifies the income recertification policies for all assisted households, modifies FHA requirements for mortgage insurance for condominiums, clarifies homeless assistance program requirements, delegates rural housing loan approval authority, and provides limited flexibility between public housing operating and capital funds.

H.R. 3784, the SEC Small Business Advocate Act of 2015

Introduced by Representatives Carney and Duffy, the SEC Small Business Advocate Act establishes the Office for Small Business Capital Formation (Office) within the SEC. The Small Business Advocate (Advocate) would direct and manage the Office and would report directly to the five SEC Commissioners. The Advocate cannot be a current SEC employee. The Office will assist small businesses and their investors to resolve significant problems with the SEC or self-regulatory organizations and identify issues and propose changes to statutes, regulations, and rules to benefit small businesses and their investors and facilitate capital formation. The SEC is required to issue a formal response to all recommendations submitted by the Office. Additionally, the Office must issue an annual report to the Committees on Financial Services and Banking on

the prior year's activities and include recommendations for changes to statutes, regulations, and rules to encourage small business capital formation. Finally, the Small Business Advocate would become responsible for the annual Government-Business Forum on Small Business Capital Formation.

H.R. 3784 also establishes the SEC Small Business Advisory Committee (Committee). The Committee will provide the SEC with advice on capital formation, securities trading, public reporting, and corporate governance for "emerging, privately held businesses" (Emerging Companies) and "smaller public companies" (companies with less than \$250 million in market capitalization). Members of the Committee will include the Small Business Advocate and between 10-20 members appointed by the SEC including (1) representatives of Emerging Companies and "smaller public companies," (2) professional advisors to such companies, (3) pre- and post-IPO investors in such companies, (4) representatives of exchanges, Alternative Trading Systems research analysts, and transfer agents. The Committee will also have non-voting members to include the SEC Investor Advocate, a North American Securities Administrators Association representative, and a representative of the Small Business Administration. Finally, the SEC is required to review the Committee's recommendations and promptly issue a public statement assessing them and disclosing the action, if any, the SEC intends to take.

H.R. 3791, to raise the consolidated assets threshold under the small bank holding company policy statement, and for other purposes.

Introduced by Representative Love, H.R. 3791 requires the Federal Reserve Board, within six months of the date of enactment, to apply the Small Bank Holding Company Policy Statement to bank holding companies and savings and loan holding companies with pro forma consolidated assets of less than \$5 billion. The Small Bank Holding Company Policy Statement permits the formation and expansion of small bank holding companies with debt levels that are higher than what would be permitted for larger bank holding companies, so long as they (1) are not engaged in any nonbanking activities involving significant leverage; (2) do not conduct significant off-balance sheet activities; and (3) do not have a significant amount of outstanding debt that is held by the general public.

Additionally, this bill clarifies that the exemptions granted to small bank holding companies subject to the Small Bank Holding Company Policy Statement also apply to savings and loan holding companies.

H.R. 4168, the Small Business Capital Formation Enhancement Act

Introduced by Representatives Poliquin and Vargas, the Small Business Capital Formation Enhancement Act requires the SEC to respond to any findings and

recommendations put forth by the SEC's annual Government-Business Forum on Small Business Capital Formation. This statutory requirement is consistent with the current obligations related to findings and recommendations submitted by the Investor Advisory Committee as required by Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Task Force to Investigate Terrorism Financing Resolution of 2016

This resolution establishes the Task Force to Investigate Terrorism Financing (Task Force) for a six-month period beginning in January 2016 and concluding in July of the same year. The Task Force, which was previously authorized during the period of March to September 2015, will examine terrorism financing issues within the Financial Services Committee's jurisdiction under Rule X of the House of Representatives. The resolution designates twelve Republicans and nine Democrats to serve as Task Force members and further provides for a Chairman, Vice-Chairman, and Ranking Minority Member of the Task Force. Finally, the resolution establishes that the rules of the House and the Committee govern the Task Force.

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