AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4865
OFFERED BY MS. ADAMS OF NORTH CAROLINA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Registration for Index-Linked Annuities Act”.

SEC. 2. PARITY FOR REGISTERED INDEX-LINKED ANNUITIES REGARDING REGISTRATION RULES.

(a) DEFINITIONS.—In this section:

(1) COMMISSION.—The term “Commission” means the Securities and Exchange Commission.

(2) INVESTMENT COMPANY.—The term “investment company” has the meaning given the term in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3).

(3) MARKET VALUE ADJUSTMENT.—The term “market value adjustment” means, with respect to a registered index-linked annuity—

(A) an adjustment to the value of that annuity based on calculations using a predeter-
(B) a change in interest rates (or other factor, as determined by the Commission) that applies to that annuity after an early withdrawal or contract discontinuance.

(4) PURCHASER.—The term “purchaser” means a purchaser of a registered index-linked annuity.

(5) REGISTERED INDEX-LINKED ANNUITY.—The term “registered index-linked annuity” means an annuity—

(A) that is deemed to be a security;

(B) that is required to be registered with the Commission;

(C) that is issued by an insurance company that is subject to the supervision of the insurance commissioner of the applicable State;

(D) that is not issued by an investment company; and

(E) the returns of which—

(i) are based on the performance of a specified benchmark index or rate; and

(ii) may be subject to a market value adjustment if amounts are withdrawn before the end of the period during which that market value adjustment applies.
(6) Security.—The term “security” has the meaning given the term in section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)).

(b) Rules.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, the Commission shall propose, and, not later than 18 months after the date of enactment of this Act, the Commission shall prepare and finalize, new or amended rules, as appropriate, to establish a new form in accordance with paragraph (2) on which an issuer of a registered index-linked annuity may register that registered index-linked annuity, subject to conditions the Commission determines appropriate.

(2) Design of form.—In developing the form to be established under paragraph (1), the Commission shall—

(A) design the form to ensure that a purchaser using the form receives the information necessary to make knowledgeable decisions, taking into account—

(i) the availability of information;

(ii) the knowledge and sophistication of that class of purchasers;
(iii) the complexity of the registered index-linked annuity; and

(iv) any other factor the Commission determines appropriate;

(B) engage in investor testing; and

(C) incorporate the results of the testing required under subparagraph (B) in the design of the form, with the goal of ensuring that key information is conveyed in terms that a purchaser is able to understand.

(c) TREATMENT IF RULES NOT PREPARED AND FINALIZED IN A TIMELY MANNER.—

(1) IN GENERAL.—If, as of the date that is 18 months after the date of enactment of this Act, the Commission has failed to prepare and finalize the rules required under subsection (b)(1), any registered index-linked annuity may be registered on the form described in section 239.17b of title 17, Code of Federal Regulations, or any successor regulation.

(2) PREPARATION.—A registration described in paragraph (1) shall be prepared pursuant to applicable provisions of the form described in that paragraph.
(d) RULES OF CONSTRUCTION.—Nothing in this section may be construed to—

(1) limit the authority of the Commission to determine the information to be requested in the form described in subsection (b); or

(2) preempt any State law, regulation, rule, or order.