

**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:

1 SECTION 1. SHORT TITLE.

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

**4 SEC. 2. PARITY FOR REGISTERED INDEX-LINKED ANNU-
5 ITIES REGARDING REGISTRATION RULES.**

6 (a) DEFINITIONS.—In this section:

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

9 (2) INVESTMENT COMPANY.—The term “invest-
10 ment company” has the meaning given the term in
11 section 3 of the Investment Company Act of 1940
12 (15 U.S.C. 80a–3).

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

16 (A) an adjustment to the value of that an-
17 nuity based on calculations using a predeter-
18 mined formula; or

1 (B) a change in interest rates (or other
2 factor, as determined by the Commission) that
3 applies to that annuity after an early with-
4 drawal or contract discontinuance.

5 (4) PURCHASER.—The term “purchaser”
6 means a purchaser of a registered index-linked an-
7 nuity.

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

11 (A) that is deemed to be a security;

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

14 (C) that is issued by an insurance com-
15 pany that is subject to the supervision of the in-
16 surance commissioner of the applicable State;

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

19 (E) the returns of which—

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

22 (ii) may be subject to a market value
23 adjustment if amounts are withdrawn be-
24 fore the end of the period during which
25 that market value adjustment applies.

1 (6) SECURITY.—The term “security” has the
2 meaning given the term in section 2(a) of the Secu-
3 rities Act of 1933 (15 U.S.C. 77b(a)).

4 (b) RULES.—

5 (1) IN GENERAL.—Not later than 180 days
6 after the date of enactment of this Act, the Commis-
7 sion shall propose, and, not later than 18 months
8 after the date of enactment of this Act, the Commis-
9 sion shall prepare and finalize, new or amended
10 rules, as appropriate, to establish a new form in ac-
11 cordance with paragraph (2) on which an issuer of
12 a registered index-linked annuity may register that
13 registered index-linked annuity, subject to conditions
14 the Commission determines appropriate.

15 (2) DESIGN OF FORM.—In developing the form
16 to be established under paragraph (1), the Commis-
17 sion shall—

18 (A) design the form to ensure that a pur-
19 chaser using the form receives the information
20 necessary to make knowledgeable decisions, tak-
21 ing into account—

22 (i) the availability of information;

23 (ii) the knowledge and sophistication
24 of that class of purchasers;

1 (iii) the complexity of the registered
2 index-linked annuity; and

3 (iv) any other factor the Commission
4 determines appropriate;

5 (B) engage in investor testing; and

6 (C) incorporate the results of the testing
7 required under subparagraph (B) in the design
8 of the form, with the goal of ensuring that key
9 information is conveyed in terms that a pur-
10 chaser is able to understand.

11 (c) TREATMENT IF RULES NOT PREPARED AND FI-
12 NALIZED IN A TIMELY MANNER.—

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

21 (2) PREPARATION.—A registration described in
22 paragraph (1) shall be prepared pursuant to applica-
23 ble provisions of the form described in that para-
24 graph.

1 (d) RULES OF CONSTRUCTION.—Nothing in this sec-
2 tion may be construed to—

3 (1) limit the authority of the Commission to de-
4 termine the information to be requested in the form
5 described in subsection (b); or

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

