

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2319
OFFERED BY MR. ROTHFUS OF PENNSYLVANIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Consumer Financial
3 Choice and Capital Markets Protection Act of 2017”.

**4 SEC. 2. TREATMENT OF MONEY MARKET FUNDS UNDER
5 THE INVESTMENT COMPANY ACT OF 1940.**

6 The Investment Company Act of 1940 (15 U.S.C.
7 80a–1 et seq.) is amended by adding at the end the fol-
8 lowing:

9 “SEC. 66. MONEY MARKET FUNDS.

10 “(a) DEFINITIONS.—In this section—

11 “(1) the term ‘covered Federal assistance’
12 means Federal assistance used for the purpose of—

13 “(A) making any loan to, or purchasing
14 any stock, equity interest, or debt obligation of,
15 any money market fund;

16 “(B) guaranteeing any loan or debt
17 issuance of any money market fund; or

1 “(C) entering into any assistance arrange-
2 ment (including tax breaks), loss sharing, or
3 profit sharing with any money market fund;
4 and

5 “(2) the term ‘Federal assistance’ means—

6 “(A) insurance or guarantees by the Fed-
7 eral Deposit Insurance Corporation;

8 “(B) transactions involving the Secretary
9 of the Treasury; or

10 “(C) the use of any advances from any
11 Federal Reserve credit facility or discount win-
12 dow, except to the extent any part of a program
13 or facility with broad-based eligibility estab-
14 lished in unusual or exigent circumstances
15 might be made available.

16 “(b) ELECTION TO BE A STABLE VALUE MONEY
17 MARKET FUND.—

18 “(1) IN GENERAL.—Notwithstanding any other
19 provision of this title, any open-end investment com-
20 pany (or a separate series thereof) that is a money
21 market fund that relies on section 270.2a-7 of title
22 17, Code of Federal Regulations, may, in the pro-
23 spectus included in its registration statement filed
24 under section 8, state that the company or series
25 has elected to compute the current price per share,

1 for purposes of distribution or redemption and re-
2 purchase, of any redeemable security issued by the
3 company or series by using the amortized cost meth-
4 od of valuation, or the penny-rounding method of
5 pricing, regardless of whether its shareholders are
6 limited to natural persons, if—

7 “(A) the company or series has as its ob-
8 jective the generation of income and preserva-
9 tion of capital through investment in short-
10 term, high-quality debt securities;

11 “(B) the board of directors of the company
12 or series elects, on behalf of the company or se-
13 ries, to maintain a stable net asset value per
14 share or stable price per share, by using the
15 amortized cost valuation method, as defined in
16 section 270.2a–7(a) of title 17, Code of Federal
17 Regulations (or successor regulation), or the
18 penny-rounding pricing method, as defined in
19 section 270.2a–7(a) of title 17, Code of Federal
20 Regulations (or successor regulation), and the
21 board of directors of the company has deter-
22 mined, in good faith, that—

23 “(i) it is in the best interests of the
24 company or series, and its shareholders, to
25 do so; and

1 “(ii) the money market fund will con-
2 tinue to use such method or methods only
3 as long as the board of directors believes
4 that the resulting share price fairly reflects
5 the market-based net asset value per share
6 of the company or series; and

7 “(C) the company or series will comply
8 with such quality, maturity, diversification, li-
9 quidity, and other requirements, including re-
10 lated procedural and recordkeeping require-
11 ments, as the Commission, by rule or regulation
12 or order, may prescribe or has prescribed as
13 necessary or appropriate in the public interest
14 or for the protection of investors to the extent
15 that such requirements and provisions are not
16 inconsistent with this section.

17 “(2) EXEMPTION FROM DEFAULT LIQUIDITY
18 FEE REQUIREMENTS.—

19 “(A) ELECTIONS UNDER PARAGRAPH (1).—
20 Notwithstanding section 270.2a-7 of title 17,
21 Code of Federal Regulations (or successor regu-
22 lation), no company or series that makes the
23 election under paragraph (1) shall be subject to
24 the default liquidity fee requirements of section
25 270.2a-7(c)(2)(ii) of title 17, Code of Federal

1 Regulations (or successor regulation) unless the
2 board of directors of such company or series
3 elects, in the prospectus included in the reg-
4 istration statement filed under section 8, to be
5 subject to such requirements.

6 “(B) OTHER FUNDS.—Notwithstanding
7 section 270.2a-7 of title 17, Code of Federal
8 Regulations (or successor regulation), a com-
9 pany or series that does not make an election
10 under paragraph (1) shall not be subject to the
11 default liquidity fee requirements of section
12 270.2a-7(c)(2)(ii) of title 17, Code of Federal
13 Regulations (or successor regulation), if it
14 states in the prospectus included in the reg-
15 istration statement filed under section 8, that
16 the company or series satisfies the provisions of
17 subparagraphs (A) and (C) of paragraph (1)
18 and that the board of directors of such com-
19 pany or series has elected for the company or
20 series to not be subject to the default liquidity
21 fee requirements.

22 “(c) PROHIBITION AGAINST FEDERAL GOVERNMENT
23 BAILOUTS OF MONEY MARKET FUNDS.—Notwith-
24 standing any other provision of law (including regula-

1 tions), covered Federal assistance may not be provided di-
2 rectly to any money market fund.

3 “(d) DISCLOSURE OF THE PROHIBITION AGAINST
4 FEDERAL GOVERNMENT BAILOUTS OF MONEY MARKET
5 FUNDS.—

6 “(1) IN GENERAL.—No principal underwriter of
7 a redeemable security issued by a money market
8 fund nor any dealer shall offer or sell any such secu-
9 rity to any person unless the prospectus of the
10 money market fund and any advertising or sales lit-
11 erature for such fund prominently discloses, on the
12 first page of such prospectus or literature, the prohi-
13 bition against direct covered Federal assistance as
14 described in subsection (c).

15 “(2) RULES, REGULATIONS, AND ORDERS.—
16 The Commission may, after consultation with and
17 taking into account the views of the Board of Gov-
18 ernors of the Federal Reserve System, the Federal
19 Deposit Insurance Corporation, and the Department
20 of the Treasury, adopt rules and regulations and
21 issue orders consistent with the protection of inves-
22 tors, prescribing the manner in which the disclosure
23 under this subsection shall be provided.

24 “(e) CONTINUING OBLIGATION TO MEET REQUIRE-
25 MENTS OF THIS TITLE.—A company or series that makes

1 an election under subsection (b)(1) shall remain subject
2 to the provisions of this title and the rules and regulations
3 of the Commission thereunder that would otherwise apply
4 if those provisions do not conflict with the provisions of
5 this section.”.

