

**[DISCUSSION DRAFT]**

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Investment Company Act of 1940 to prohibit limitations on closed-end companies investing in private funds, and for other purposes.

---

IN THE HOUSE OF REPRESENTATIVES

Mrs. WAGNER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

**A BILL**

To amend the Investment Company Act of 1940 to prohibit limitations on closed-end companies investing in private funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Increasing Investor  
5 Opportunities Act”.

1 **SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN**  
2 **PRIVATE FUNDS.**

3 (a) IN GENERAL.—Section 5 of the Investment Com-  
4 pany Act of 1940 (15 U.S.C. 80a–5) is amended by add-  
5 ing at the end the following:

6 “(d) CLOSED-END COMPANY AUTHORITY TO INVEST  
7 IN PRIVATE FUNDS.—

8 “(1) IN GENERAL.—The Commission may not  
9 limit a closed-end company from investing any or all  
10 of the company’s assets in private funds solely or  
11 primarily because of the private funds’ status as pri-  
12 vate funds.

13 “(2) APPLICATION.—Notwithstanding section  
14 6(f), this subsection shall also apply to a closed-end  
15 company that elects to be treated as a business de-  
16 velopment company.”.

17 (b) DEFINITION OF PRIVATE FUND.—

18 (1) INVESTMENT COMPANY ACT OF 1940.—Sec-  
19 tion 2(a) of the Investment Company Act of 1940  
20 (15 U.S.C. 80a–2(a)) is amended by adding at the  
21 end the following:

22 “(55) The term ‘private fund’ means an issuer  
23 that would be an investment company but for para-  
24 graph (1) or (7) of section 3(c).”.

25 (2) INVESTMENT ADVISERS ACT OF 1940.—The  
26 first paragraph (29) (relating to “private fund”) of

1 section 202(a) of the Investment Advisers Act of  
2 1940 (15 U.S.C. 80b–2(a)) is amended to read as  
3 follows:

4 “(29) The term ‘private fund’ has the meaning  
5 given that term under section 2(a) of the Investment  
6 Company Act of 1940.”.

7 (c) TREATMENT BY NATIONAL SECURITIES EX-  
8 CHANGES.—Section 6(b) of the Securities Exchange Act  
9 of 1934 (15 U.S.C. 78f(b)) is amended by adding at the  
10 end the following:

11 “(11)(A) The rules of the exchange do not pro-  
12 hibit the listing or trading of securities of a closed-  
13 end company solely or primarily by reason of the  
14 amount of the company’s investment of assets in pri-  
15 vate funds.

16 “(B) In this paragraph—

17 “(i) the term ‘closed-end company’ has the  
18 meaning given that term under section 5(a) of  
19 the Investment Company Act of 1940, and in-  
20 cludes a closed-end company that elects to be  
21 treated as a business development company  
22 under section 6(f) of such Act; and

23 “(ii) the term ‘private fund’ has the mean-  
24 ing given that term under section 2(a) of the  
25 Investment Company Act of 1940.”.

1           (d) INVESTMENT LIMITATION.—Section 3(c) of the  
2 Investment Company Act of 1940 (15 U.S.C. 80a–3(e))  
3 is amended—

4           (1) in paragraph (1), by striking “subpara-  
5 graphs (A)(i) and (B)(i)” and inserting “subpara-  
6 graphs (A)(i), (B)(i), and (C)”;

7           (2) in paragraph (7)(D), by striking “subpara-  
8 graphs (A)(i) and (B)(i)” and inserting “subpara-  
9 graphs (A)(i), (B)(i), and (C)”.