

[DISCUSSION DRAFT]

118TH CONGRESS
1ST SESSION

H. R. _____

To except quotations of Rule 144A fixed-income securities from certain regulatory requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To except quotations of Rule 144A fixed-income securities from certain regulatory requirements, 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. FINDINGS.**

4 Congress finds the following:

5 (1) On September 16, 2020, the Securities and
6 Exchange Commission adopted a final rule amend-
7 ing Rule 15c2-11 under the Securities Exchange
8 Act of 1934 (15 U.S.C. 78a et seq.) which addresses
9 disclosures in the OTC markets and imposes re-

1 requirements upon broker-dealers who publish
2 quotations in such markets.

3 (2) Rule 15c2–11 was promulgated in 1971,
4 and has generally been understood to apply to OTC
5 equity markets since that time.

6 (3) The amendments to Rule 15c2–11 were
7 based on the economic analysis of OTC equity mar-
8 kets.

9 (4) The fixed-income markets are different in
10 structure and function than OTC equity markets.

11 (5) The fixed-income markets are critical to the
12 ability of thousands of businesses' ability to raise
13 capital.

14 (6) Rule 144A requires that issuers make their
15 financial and operational information available to
16 qualified institutional buyers upon request.

17 (7) Following No-Action Letters issued on Sep-
18 tember 24, 2021 and December 16, 2021, the Secu-
19 rities and Exchange Commission indicated that it
20 would apply Rule 15c2–11 to fixed-income markets
21 in a manner that made significant changes to long-
22 standing regulatory requirements, without a rule-
23 making process, without analysis of the costs and
24 benefits of the action, and without regard for the
25 input of the public. According to a subsequent No-

1 Action Letter, which was issued on November 30,
2 2022, the Securities and Exchange Commission will
3 apply Rule 15c2–11 to fixed-income securities sold
4 pursuant to Rule 144A after no-action relief expires
5 on January 4, 2025.

6 **SEC. 2. EXCEPTION RELATING TO QUOTATIONS OF RULE**
7 **144A FIXED-INCOME SECURITIES.**

8 (a) IN GENERAL.—Section 240.15c2–11 of title 17,
9 Code of Federal Regulations, shall not apply with respect
10 to quotations of Rule 144A fixed-income securities.

11 (b) RULE 144A FIXED-INCOME SECURITY DE-
12 FINED.—In this section, the term “Rule 144A fixed-in-
13 come security” means an unlisted fixed-income security,
14 the private resale of which qualifies for an exemption from
15 the registration requirements of the Securities Act of 1933
16 under section 230.144A of title 17, Code of Federal Regu-
17 lations.