

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3383
OFFERED BY MRS. WAGNER OF MISSOURI

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Increasing Investor
3 Opportunities Act”.

4 SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN
5 PRIVATE FUNDS.

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

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

11 “(1) IN GENERAL.—Except as otherwise pro-
12 hibited or restricted by this Act (or any rule issued
13 under this Act), the Commission may not prohibit or
14 otherwise limit a closed-end company from investing
15 any or all of the assets of the closed-end company
16 in securities issued by private funds.

17 “(2) OTHER RESTRICTIONS ON COMMISSION AU-
18 THORITY.—Except as otherwise prohibited or re-

1 stricted by this Act (or any rule issued under this
2 Act), the Commission may not impose any condition
3 on, restrict, or otherwise limit—

4 “(A) the offer to sell, or the sale of, securi-
5 ties issued by a closed-end company that in-
6 vests, or proposes to invest, in securities issued
7 by private funds; or

8 “(B) the listing of the securities of a
9 closed-end company described in subparagraph
10 (A) on a national securities exchange.

11 “(3) UNRELATED RESTRICTIONS.—The Com-
12 mission may impose a condition on, restrict, or oth-
13 erwise limit an activity described in paragraph (1) or
14 subparagraph (A) or (B) of paragraph (2) if that
15 condition, restriction, or limitation is unrelated to
16 the underlying characteristics of a private fund or
17 the status of a private fund as a private fund.

18 “(4) RULE OF APPLICATION.—Notwithstanding
19 section 6(f), this subsection shall also apply to a
20 closed-end company that elects to be treated as a
21 business development company pursuant to section
22 54.”.

23 (b) DEFINITION OF PRIVATE FUND.—Section 2(a) of
24 the Investment Company Act of 1940 (15 U.S.C. 80a–
25 2(a)) is amended by adding at the end the following:

1 “(55) The term ‘private fund’ has the meaning
2 given in section 202(a) of the Investment Advisers
3 Act of 1940 (15 U.S.C. 80b–2(a)).”.

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

8 “(m)(1) Except as otherwise prohibited or restricted
9 by rules of the exchange that are consistent with section
10 5(d) of the Investment Company Act of 1940 (15 U.S.C.
11 80a–5(d)), an exchange may not prohibit, condition, re-
12 strict, or impose any other limitation on the listing or
13 trading of the securities of a closed-end company when
14 the closed-end company invests, or may invest, some or
15 all of the assets of the closed-end company in securities
16 issued by private funds.

17 “(2) In this subsection—

18 “(A) the term ‘closed-end company’—

19 “(i) has the meaning given the term in sec-
20 tion 5(a) of the Investment Company Act of
21 1940 (15 U.S.C. 80a–5(a)); and

22 “(ii) includes a closed-end company that
23 elects to be treated as a business development
24 company pursuant to section 54 of the Invest-

1 ment Company Act of 1940 (15 U.S.C. 80a–
2 53); and

3 “(B) the term ‘private fund’ has the meaning
4 given in section 202(a) of the Investment Advisers
5 Act of 1940 (15 U.S.C. 80b–2(a)).”.

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

9 (1) in paragraph (1), in the matter preceding
10 subparagraph (A), in the second sentence, by strik-
11 ing “subparagraphs (A)(i) and (B)(i)” and inserting
12 “subparagraphs (A)(i), (B)(i), and (C)”; and

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

16 (e) RULES OF CONSTRUCTION.—

17 (1) Nothing in this section or the amendments
18 made by this section may be construed to limit or
19 amend any fiduciary duty owed to a closed-end com-
20 pany (as defined in section 5(a)(2) of the Investment
21 Company Act of 1940 (15 U.S.C. 80a–5(a)(2))) or
22 by an investment adviser (as defined under section
23 2(a) of the Investment Company Act of 1940 (15
24 U.S.C. 80a–2(a))) to a closed-end company.

1 (2) Nothing in this section or the amendments
2 made by this section may be construed to limit or
3 amend the valuation, liquidity, or redemption re-
4 quirements or obligations of a closed-end company
5 (as defined in section 5(a)(2) of the Investment
6 Company Act of 1940 (15 U.S.C. 80a-5(a)(2))) as
7 required by the Investment Company Act of 1940.

