

# Union Calendar No. 699

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 2319

[Report No. 115–903]

To protect the investment choices of investors in the United States, and  
for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2017

Mr. ROTHFUS (for himself, Ms. MOORE, and Mr. STIVERS) introduced the  
following bill; which was referred to the Committee on Financial Services

AUGUST 24, 2018

Additional sponsors: Ms. SEWELL of Alabama, Mr. TROTT, Mr. SIRES, Mr. MESSER, Mr. TIBERI, Mr. ROSS, Mr. DAVID SCOTT of Georgia, Ms. KELLY of Illinois, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. MOOLENAAR, Mr. MURPHY of Pennsylvania, Mrs. BEATTY, Mr. MEEKS, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. MOONEY of West Virginia, Mr. GONZALEZ of Texas, Mr. WILLIAMS, Mr. MACARTHUR, Mr. PITTENGER, Mr. CLAY, Mr. THOMPSON of Pennsylvania, Mr. CLEAVER, Ms. SINEMA, Mr. KILDEE, Mr. KELLY of Pennsylvania, Mr. SESSIONS, Mr. RYAN of Ohio, Mr. GOTTHEIMER, Mr. BUDD, Mr. LAWSON of Florida, Mr. OLSON, Mr. FITZPATRICK, Mr. RENACCI, Mr. HASTINGS, Mr. HILL, Mr. TIPTON, Mrs. WAGNER, Ms. FUDGE, Mr. FLORES, Mr. SHUSTER, Mr. FARENTHOLD, Ms. JACKSON LEE, Mr. DENT, Mr. DAVIDSON, Mr. ZELDIN, Mr. SEAN PATRICK MALONEY of New York, Mr. BARLETTA, Mr. KUSTOFF of Tennessee, Mr. BARR, Mr. EMMER, Mr. SMITH of Texas, Mr. ESTES of Kansas, Mr. DANNY K. DAVIS of Illinois, Mr. ARRINGTON, Mr. LONG, Mr. PERRY, Mr. EVANS, Mr. BRENDAN F. BOYLE of Pennsylvania, Mr. BABIN, Mr. MARINO, Mr. BRADY of Pennsylvania, Mr. SMUCKER, Mr. VELA, Mr. FASO, Mr. DONOVAN, Mr. HIGGINS of New York, Mr. MCCAUL, Mr. NORCROSS, Mr. WALBERG, Mr. CRAMER, and Mr. CARTWRIGHT

AUGUST 24, 2018

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on May 3, 2017]

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# **A BILL**

To protect the investment choices of investors in the United  
States, 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 “Consumer Financial*  
5 *Choice and Capital Markets Protection Act of 2018”.*

6 **SEC. 2. TREATMENT OF MONEY MARKET FUNDS UNDER THE**  
7 **INVESTMENT COMPANY ACT OF 1940.**

8 *The Investment Company Act of 1940 (15 U.S.C. 80a–*  
9 *1 et seq.) is amended by adding at the end the following:*

10 **“SEC. 66. MONEY MARKET FUNDS.**

11 *“(a) DEFINITIONS.—In this section—*

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

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

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

19 *“(C) entering into any assistance arrange-*  
20 *ment (including tax breaks), loss sharing, or*  
21 *profit sharing with any money market fund; and*

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

23 *“(A) insurance or guarantees by the Federal*  
24 *Deposit Insurance Corporation;*

1           “(B) transactions involving the Secretary of  
2           the Treasury; or

3           “(C) the use of any advances from any Fed-  
4           eral Reserve credit facility or discount window,  
5           except to the extent any part of a program or fa-  
6           cility with broad-based eligibility established in  
7           unusual or exigent circumstances might be made  
8           available.

9           “(b) *ELECTION TO BE A STABLE VALUE MONEY MAR-*  
10 *KET FUND.*—

11           “(1) *IN GENERAL.*—Notwithstanding any other  
12           provision of this title, any open-end investment com-  
13           pany (or a separate series thereof) that is a money  
14           market fund that relies on section 270.2a-7 of title  
15           17, Code of Federal Regulations, may, in the pro-  
16           spectus included in its registration statement filed  
17           under section 8, state that the company or series has  
18           elected to compute the current price per share, for  
19           purposes of distribution or redemption and repur-  
20           chase, of any redeemable security issued by the com-  
21           pany or series by using the amortized cost method of  
22           valuation, or the penny-rounding method of pricing,  
23           regardless of whether its shareholders are limited to  
24           natural persons, if—

1           “(A) the company or series has as its objec-  
2           tive the generation of income and preservation of  
3           capital through investment in short-term, high-  
4           quality debt securities;

5           “(B) the board of directors of the company  
6           or series elects, on behalf of the company or se-  
7           ries, to maintain a stable net asset value per  
8           share or stable price per share, by using the am-  
9           ortized cost valuation method, as defined in sec-  
10          tion 270.2a–7(a) of title 17, Code of Federal Reg-  
11          ulations (or successor regulation), or the penny-  
12          rounding pricing method, as defined in section  
13          270.2a–7(a) of title 17, Code of Federal Regula-  
14          tions (or successor regulation), and the board of  
15          directors of the company has determined, in good  
16          faith, that—

17                   “(i) it is in the best interests of the  
18                   company or series, and its shareholders, to  
19                   do so; and

20                   “(ii) the money market fund will con-  
21                   tinue to use such method or methods only as  
22                   long as the board of directors believes that  
23                   the resulting share price fairly reflects the  
24                   market-based net asset value per share of  
25                   the company or series; and

1           “(C) the company or series will comply  
2 with such quality, maturity, diversification, li-  
3 quidity, and other requirements, including re-  
4 lated procedural and recordkeeping requirements,  
5 as the Commission, by rule or regulation or  
6 order, may prescribe or has prescribed as nec-  
7 essary or appropriate in the public interest or  
8 for the protection of investors to the extent that  
9 such requirements and provisions are not incon-  
10 sistent with this section.

11           “(2) *EXEMPTION FROM DEFAULT LIQUIDITY FEE*  
12 *REQUIREMENTS.*—

13           “(A) *ELECTIONS UNDER PARAGRAPH (1).*—  
14 *Notwithstanding section 270.2a-7 of title 17,*  
15 *Code of Federal Regulations (or successor regula-*  
16 *tion), no company or series that makes the elec-*  
17 *tion under paragraph (1) shall be subject to the*  
18 *default liquidity fee requirements of section*  
19 *270.2a-7(c)(2)(ii) of title 17, Code of Federal*  
20 *Regulations (or successor regulation) unless the*  
21 *board of directors of such company or series*  
22 *elects, in the prospectus included in the registra-*  
23 *tion statement filed under section 8, to be subject*  
24 *to such requirements.*

1           “(B) *OTHER FUNDS.*—*Notwithstanding sec-*  
2           *tion 270.2a–7 of title 17, Code of Federal Regu-*  
3           *lations (or successor regulation), a company or*  
4           *series that does not make an election under para-*  
5           *graph (1) shall not be subject to the default li-*  
6           *quidity fee requirements of section 270.2a–*  
7           *7(c)(2)(ii) of title 17, Code of Federal Regula-*  
8           *tions (or successor regulation), if it states in the*  
9           *prospectus included in the registration statement*  
10          *filed under section 8, that the company or series*  
11          *satisfies the provisions of subparagraphs (A) and*  
12          *(C) of paragraph (1) and that the board of direc-*  
13          *tors of such company or series has elected for the*  
14          *company or series to not be subject to the default*  
15          *liquidity fee requirements.*

16          “(c) *PROHIBITION AGAINST FEDERAL GOVERNMENT*  
17          *BAILOUTS OF MONEY MARKET FUNDS.*—*Notwithstanding*  
18          *any other provision of law (including regulations), covered*  
19          *Federal assistance may not be provided directly to any*  
20          *money market fund.*

21          “(d) *DISCLOSURE OF THE PROHIBITION AGAINST*  
22          *FEDERAL GOVERNMENT BAILOUTS OF MONEY MARKET*  
23          *FUNDS.*—

24                  “(1) *IN GENERAL.*—*No principal underwriter of*  
25                  *a redeemable security issued by a money market fund*

1        *nor any dealer shall offer or sell any such security to*  
2        *any person unless the prospectus of the money market*  
3        *fund and any advertising or sales literature for such*  
4        *fund prominently discloses, on the first page of such*  
5        *prospectus or literature, the prohibition against direct*  
6        *covered Federal assistance as described in subsection*  
7        *(c).*

8                *“(2) RULES, REGULATIONS, AND ORDERS.—The*  
9        *Commission may, after consultation with and taking*  
10        *into account the views of the Board of Governors of*  
11        *the Federal Reserve System, the Federal Deposit In-*  
12        *surance Corporation, and the Department of the*  
13        *Treasury, adopt rules and regulations and issue or-*  
14        *ders consistent with the protection of investors, pre-*  
15        *scribing the manner in which the disclosure under*  
16        *this subsection shall be provided.*

17                *“(e) CONTINUING OBLIGATION TO MEET REQUIRE-*  
18        *MENTS OF THIS TITLE.—A company or series that makes*  
19        *an election under subsection (b)(1) shall remain subject to*  
20        *the provisions of this title and the rules and regulations*  
21        *of the Commission thereunder that would otherwise apply*  
22        *if those provisions do not conflict with the provisions of this*  
23        *section.”.*





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