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

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
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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]

A BILL

To protect the investment choices of investors in the United
States, and for other purposes.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Consumer Financial
Choice and Capital Markets Protection Act of 2018”.

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

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

“SEC. 66. MONEY MARKET FUNDS.

“(a) DEFINITIONS.—In this section—

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

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

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

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

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

“(A) insurance or guarantees by the Federal
Deposit Insurance Corporation;
“(B) transactions involving the Secretary of the Treasury; or

“(C) the use of any advances from any Federal Reserve credit facility or discount window, except to the extent any part of a program or facility with broad-based eligibility established in unusual or exigent circumstances might be made available.

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

“(1) IN GENERAL.—Notwithstanding any other provision of this title, any open-end investment company (or a separate series thereof) that is a money market fund that relies on section 270.2a–7 of title 17, Code of Federal Regulations, may, in the prospectus included in its registration statement filed under section 8, state that the company or series has elected to compute the current price per share, for purposes of distribution or redemption and repurchase, of any redeemable security issued by the company or series by using the amortized cost method of valuation, or the penny-rounding method of pricing, regardless of whether its shareholders are limited to natural persons, if—
“(A) the company or series has as its objective the generation of income and preservation of capital through investment in short-term, high-quality debt securities;

“(B) the board of directors of the company or series elects, on behalf of the company or series, to maintain a stable net asset value per share or stable price per share, by using the amortized cost valuation method, as defined in section 270.2a–7(a) of title 17, Code of Federal Regulations (or successor regulation), or the penny-rounding pricing method, as defined in section 270.2a–7(a) of title 17, Code of Federal Regulations (or successor regulation), and the board of directors of the company has determined, in good faith, that—

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

“(ii) the money market fund will continue to use such method or methods only as long as the board of directors believes that the resulting share price fairly reflects the market-based net asset value per share of the company or series; and
“(C) the company or series will comply with such quality, maturity, diversification, liquidity, and other requirements, including related procedural and recordkeeping requirements, as the Commission, by rule or regulation or order, may prescribe or has prescribed as necessary or appropriate in the public interest or for the protection of investors to the extent that such requirements and provisions are not inconsistent with this section.

“(2) Exemption from default liquidity fee requirements.—

“(A) Elections under paragraph (1).—Notwithstanding section 270.2a–7 of title 17, Code of Federal Regulations (or successor regulation), no company or series that makes the election under paragraph (1) shall be subject to the default liquidity fee requirements of section 270.2a–7(c)(2)(ii) of title 17, Code of Federal Regulations (or successor regulation) unless the board of directors of such company or series elects, in the prospectus included in the registration statement filed under section 8, to be subject to such requirements.
“(B) OTHER FUNDS.—Notwithstanding section 270.2a–7 of title 17, Code of Federal Regulations (or successor regulation), a company or series that does not make an election under paragraph (1) shall not be subject to the default liquidity fee requirements of section 270.2a–7(c)(2)(ii) of title 17, Code of Federal Regulations (or successor regulation), if it states in the prospectus included in the registration statement filed under section 8, that the company or series satisfies the provisions of subparagraphs (A) and (C) of paragraph (1) and that the board of directors of such company or series has elected for the company or series to not be subject to the default liquidity fee requirements.

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

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

“(1) IN GENERAL.—No principal underwriter of a redeemable security issued by a money market fund
nor any dealer shall offer or sell any such security to
any person unless the prospectus of the money market
fund and any advertising or sales literature for such
fund prominently discloses, on the first page of such
prospectus or literature, the prohibition against direct
covered Federal assistance as described in subsection
(e).

“(2) Rules, regulations, and orders.—The
Commission may, after consultation with and taking
into account the views of the Board of Governors of
the Federal Reserve System, the Federal Deposit In-
surance Corporation, and the Department of the
Treasury, adopt rules and regulations and issue or-
ders consistent with the protection of investors, pre-
scribing the manner in which the disclosure under
this subsection shall be provided.

“(e) Continuing obligation to meet requirements of this title.—A company or series that makes
an election under subsection (b)(1) shall remain subject to
the provisions of this title and the rules and regulations
of the Commission thereunder that would otherwise apply
if those provisions do not conflict with the provisions of this
section.”.
A BILL

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