

116TH CONGRESS
1ST SESSION

H. R. 4492

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 2019

Ms. MOORE (for herself, Mr. STIVERS, Mr. HASTINGS, Mr. GONZALEZ of Texas, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. ESTES, and Mr. MOONEY of West Virginia) introduced the following bill; which was referred to the Committee on Financial Services

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 2019”.

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

3 The Investment Company Act of 1940 (15 U.S.C.
4 80a–1 et seq.) is amended by adding at the end the fol-
5 lowing:

6 **“SEC. 66. MONEY MARKET FUNDS.**

7 “(a) DEFINITIONS.—In this section—

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

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

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

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

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

20 “(A) insurance or guarantees by the Fed-
21 eral Deposit Insurance Corporation;

22 “(B) transactions involving the Secretary
23 of the Treasury; or

24 “(C) the use of any advances from any
25 Federal Reserve credit facility or discount win-
26 dow that is not part of a program or facility

1 with broad-based eligibility established in un-
2 usual or exigent circumstances.

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

5 “(1) IN GENERAL.—Notwithstanding any other
6 provision of this title, any open-end investment com-
7 pany (or a separate series thereof) that is a money
8 market fund that relies on section 270.2a–7 of title
9 17, Code of Federal Regulations, may, in the pro-
10 spectus included in its registration statement filed
11 under section 8 state that the company or series has
12 elected to compute the current price per share, for
13 purposes of distribution or redemption and repur-
14 chase, of any redeemable security issued by the com-
15 pany or series by using the amortized cost method
16 of valuation, or the penny-rounding method of pric-
17 ing, regardless of whether its shareholders are lim-
18 ited to natural persons, if—

19 “(A) the objective or principal investment
20 strategy of the company or series is not incon-
21 sistent with the generation of income and pres-
22 ervation of capital through investment in short-
23 term, high-quality debt securities;

24 “(B) the board of directors of the company
25 or series elects, on behalf of the company or se-

1 ries, to maintain a stable net asset value per
2 share or stable price per share, by using the
3 amortized cost valuation method, as defined in
4 section 270.2a–7(a) of title 17, Code of Federal
5 Regulations (or successor regulation), or the
6 penny-rounding pricing method, as defined in
7 section 270.2a–7(a) of title 17, Code of Federal
8 Regulations (or successor regulation), and the
9 board of directors of the company has deter-
10 mined, in good faith, that—

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

14 “(ii) the money market fund will con-
15 tinue to use such method or methods only
16 as long as the board of directors believes
17 that the resulting share price fairly reflects
18 the market-based net asset value per share
19 of the company or series; and

20 “(C) the company or series will comply
21 with such quality, maturity, diversification, li-
22 quidity, and other requirements, including re-
23 lated procedural and recordkeeping require-
24 ments, as the Commission, by rule or regulation
25 or order, may prescribe or has prescribed as

1 necessary or appropriate in the public interest
2 or for the protection of investors to the extent
3 that such requirements and provisions are not
4 inconsistent with this section.

5 “(2) EXEMPTION FROM DEFAULT LIQUIDITY
6 FEE REQUIREMENTS.—Notwithstanding section
7 270.2a–7 of title 17, Code of Federal Regulations
8 (or successor regulation), no company or series that
9 makes the election under paragraph (1) shall be sub-
10 ject to the default liquidity fee requirements of sec-
11 tion 270.2a–7(c)(2)(ii) of title 17, Code of Federal
12 Regulations (or successor regulation).

13 “(c) PROHIBITION AGAINST FEDERAL GOVERNMENT
14 BAILOUTS OF MONEY MARKET FUNDS.—Notwith-
15 standing any other provision of law (including regula-
16 tions), covered Federal assistance may not be provided di-
17 rectly to any money market fund.

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

21 “(1) IN GENERAL.—No principal underwriter of
22 a redeemable security issued by a money market
23 fund nor any dealer shall offer or sell any such secu-
24 rity to any person unless the prospectus of the
25 money market fund and any advertising or sales lit-

1 erature for such fund prominently discloses the pro-
2 hibition against direct covered Federal assistance as
3 described in subsection (c).

4 “(2) RULES, REGULATIONS, AND ORDERS.—

5 The Commission may, after consultation with and
6 taking into account the views of the Board of Gov-
7 ernors of the Federal Reserve System, the Federal
8 Deposit Insurance Corporation, and the Department
9 of the Treasury, adopt rules and regulations and
10 issue orders consistent with the protection of inves-
11 tors, prescribing the manner in which the disclosure
12 under this subsection shall be provided.

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

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