

115TH CONGRESS
2D SESSION

H. R. 4971

To amend the Securities Act of 1933 to exempt from registration with the Securities and Exchange Commission certain accredited investor transactions within transparent secondary markets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2018

Mr. MOONEY of West Virginia (for himself and Mr. MACARTHUR) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Securities Act of 1933 to exempt from registration with the Securities and Exchange Commission certain accredited investor transactions within transparent secondary markets, 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 “IPO Pipeline Act”.

1 **SEC. 2. EXEMPTION FOR CERTAIN ACCREDITED INVESTOR**
2 **TRANSACTIONS WITHIN TRANSPARENT SEC-**
3 **ONDARY MARKETS.**

4 (a) EXEMPTED TRANSACTIONS.—Section 4 of the Se-
5 curities Act of 1933 (15 U.S.C. 77d) is amended—

6 (1) in subsection (a), by adding at the end the
7 following new paragraph:

8 “(8) transactions meeting the requirements of
9 subsection (e).”;

10 (2) by redesignating subsection (e) as sub-
11 section (f); and

12 (3) by inserting after subsection (d) the fol-
13 lowing new subsection:

14 “(e) ACCREDITED INVESTOR TRANSACTIONS WITHIN
15 TRANSPARENT SECONDARY MARKETS.—

16 “(1) IN GENERAL.—A transaction referred to in
17 subsection (a)(8) is a transaction that meets the fol-
18 lowing requirements:

19 “(A) ACCREDITED INVESTOR REQUIRE-
20 MENT.—Each transaction participant is an ac-
21 credited investor, an affiliate of the issuer, or
22 an employee of the issuer.

23 “(B) SECONDARY MARKETPLACE RULES.—

24 “(i) IN GENERAL.—In the case of a
25 transaction described under clause (ii)—

1 “(I) neither the seller nor the
2 purchaser of the security is the issuer
3 or an underwriter of the security;

4 “(II) affiliates of the issuer are
5 restricted from executing against or-
6 ders posted on a marketplace by other
7 market participants; and

8 “(III) an affiliate of the issuer
9 that posts an order to offer to buy or
10 sell the security on a secondary mar-
11 ketplace must disclose within the post-
12 ed order that they are an affiliate and
13 whether the affiliate status is as an
14 officer, director, beneficial owner, or
15 other basis, and the posted order
16 must clearly reflect these disclosures.

17 “(ii) TRANSACTION.—The transaction
18 referred to in clause (i) is one involving the
19 securities of an issuer that—

20 “(I) is not—

21 “(aa) subject to section 13
22 or 15(d) of the Securities Ex-
23 change Act of 1934 (15 U.S.C.
24 78m; 78o(d));

1 “(bb) exempt from reporting
2 pursuant to section 240.12g3–
3 2(b) of title 17, Code of Federal
4 Regulations; or

5 “(cc) a foreign government
6 (as defined in section 230.405 of
7 title 17, Code of Federal Regula-
8 tions) eligible to register securi-
9 ties under Schedule B of section
10 77aa; and

11 “(II) irrevocably reported to the
12 Commission using Form D, or an ad-
13 dendum to Form D, under section
14 239.500 of title 17, Code of Federal
15 Regulations (or any successor regula-
16 tion), that the issuer will register
17 under section 12 of the Securities Ex-
18 change Act of 1934 within one year of
19 attaining \$250,000,000 in annual rev-
20 enue as measured under generally ac-
21 cepted accounting principles.

22 “(C) DEFINITION OF AFFILIATE OF THE
23 ISSUER.—In this subsection, the term ‘affiliate
24 of the issuer’ has the meaning given such term
25 in section 230.144(a)(1) of title 17, Code of

1 Federal Regulations (or any successor regula-
2 tion).”; and

3 (4) in subsection (f), as so redesignated, by
4 striking “subsection (a)(7)” each place such term
5 appears and inserting “paragraph (7) or (8) of sub-
6 section (a)”.

7 (b) EXEMPTION FROM REGISTRATION.—Section
8 12(g)(2) of the Securities Exchange Act of 1934 (15
9 U.S.C. 78l(g)(2)) is amended by adding at the end the
10 following:

11 “(I) any security of an issuer where the issuer
12 irrevocably reported to the Commission using Form
13 D, or an addendum to Form D, under section
14 239.500 of title 17, Code of Federal Regulations (or
15 any successor regulation), that the issuer will reg-
16 ister under section 12 within one year of attaining
17 \$250,000,000 in annual revenue as measured under
18 generally accepted accounting principles.”.

19 (c) DIRECTED RULEMAKING.—Not later than 90
20 days after the date of the enactment of this Act, the Secu-
21 rities and Exchange Commission shall promulgate any
22 regulations necessary to revise Form D and section
23 239.500 of title 17, Code of Federal Regulations, to meet
24 the purposes of the amendments made by this Act.

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