

FLOOR SCHEDULE FOR THURSDAY, NOVEMBER 9, 2017

HOUSE MEETS AT:	FIRST VOTE PREDICTED:	LAST VOTE PREDICTED:
9:00 a.m.: Legislative Business	10:15 – 10:30 a.m.	10:30 – 10:45 a.m.
Five “One Minutes”		

Complete Consideration of [H.R. 2201](#) – Micro Offering Safe Harbor Act (Rep. Emmer – Financial Services) (One hour of debate). This bill would weaken investor protections by creating a new exemption that will enable the sale of micro-cap offerings (those involving sales of securities valued at \$500,000 or less in a single year). This legislation would limit the total number of investors in the sale of micro-cap offerings to thirty five or fewer purchasers and only requires that investors have a “pre-existing relationship” with an officer, director, or major shareholder of the issuer. This provision undoes commonsense Securities and Exchange Commission (SEC) requirements that state that an investor must have financial sophistication to understand potential risks of the offering and the ability to withstand any losses.

The SEC already allows for certain exemptions for unregistered offerings since they are subject to reduced disclosure requirements and often involve illiquid securities, but those exemptions include protections such as: (1) additional disclosures and financial information about the offering; (2) limitations on the dollar amount of securities an individual investor can purchase; and (3) allowing only financially sophisticated investors who have the means to absorb the losses to invest.

Another troubling aspect of H.R. 2201 is that unregistered securities purchased under the exemption would not be characterized as “restricted,” and could thus be immediately sold to other investors. This could expose investors to fraudulent schemes in which initial purchasers exploit the absence of SEC information to artificially boost the price of their shares and then sell them to unwitting investors who later lose money when the share price falls.

The Rule, which was adopted yesterday, makes in order 1 amendment, debatable for 10 minutes, equally divided between the offeror and an opponent. The amendment is:

Rep. Emmer Amendment. Amends the bill to not allow the exemption to be available for those who have been disqualified under the “bad actor” disqualification standard of section 230.506(d) of title 17, Code of Federal Regulations, providing an additional layer of investor protection in the bill.

The Daily Quote

“[Representative Peter] King [R-NY], who opposes the bill as written, rejected the idea that Republicans, above all else, must pass a tax bill so they can show a major accomplishment. ‘How can you vote for tax reform if it’s going to increase the taxes in your district?’ Mr. King asked, suggesting lawmakers would have to say: ‘Great victory! We got the first tax reform through in 30 years. Your taxes are going up, but it’s O.K. because we got it through. People will think you’re nuts,’ Mr. King said.”

- New York Times, 11/8/2017