II

119TH CONGRESS
2D SESSION

S. 3671

To amend the Investment Company Act of 1940 with respect to the authority of closed-end companies to invest in private funds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 15, 2026

Mr. DAINES (for himself and Mr. ROUNDS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Investment Company Act of 1940 with respect to the authority of closed-end companies to invest in private funds, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Increasing Investor Opportunities Act''.

SEC. 2. CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.

(a) IN GENERAL.—Section 5 of the Investment Company Act of 1940 (15 U.S.C. 80a–5) is amended by adding at the end the following:

"(d) CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.—

"(1) IN GENERAL.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act), the Commission may not prohibit or otherwise limit a closed-end company from investing any or all of the assets of the closed-end company in securities issued by private funds.

"(2) OTHER RESTRICTIONS ON COMMISSION AUTHORITY.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act), the Commission may not impose any condition on, restrict, or otherwise limit—

"(A) the offer to sell, or the sale of, securities issued by a closed-end company that invests, or proposes to invest, in securities issued by private funds; or

"(B) the listing of the securities of a closed-end company described in subparagraph (A) on a national securities exchange.

"(3) UNRELATED RESTRICTIONS.—The Commission may impose a condition on, restrict, or otherwise limit an activity described in paragraph (1) or subparagraph (A) or (B) of paragraph (2) if that condition, restriction, or limitation is unrelated to the underlying characteristics of a private fund or the status of a private fund as a private fund.

"(4) RULE OF APPLICATION.—Notwithstanding section 6(f), this subsection shall also apply to a closed-end company that elects to be treated as a business development company pursuant to section 54.".

(b) DEFINITION OF PRIVATE FUND.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)) is amended by adding at the end the following:

"(55) The term 'private fund' has the meaning given the term in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)).".

(c) TREATMENT BY NATIONAL SECURITIES EXCHANGES.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

"(m) CLOSED-END COMPANIES.—

"(1) IN GENERAL.—Except as otherwise prohibited or restricted by rules of the exchange that are consistent with section 5(d) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(d)), an exchange may not prohibit, condition, restrict, or impose any other limitation on the listing or trading of the securities of a closed-end company when the closed-end company invests, or may invest, some or all of the assets of the closed-end company in securities issued by private funds.

‘‘(2) DEFINITIONS.—In this subsection—

‘‘(A) the term ‘closed-end company’—

‘‘(i) has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)); and

‘‘(ii) includes a closed-end company that elects to be treated as a business development company pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a–53); and

‘‘(B) the term ‘private fund’ has the meaning given in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)).’’.

(d) INVESTMENT LIMITATION.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), in the second sentence, by striking "subparagraphs (A)(i) and (B)(i)" and inserting "subparagraphs (A)(i), (B)(i), and (C)"; and

(2) in paragraph (7)(D), by striking "subparagraphs (A)(i) and (B)(i)" and inserting "subparagraphs (A)(i), (B)(i), and (C)".

(e) RULES OF CONSTRUCTION.—

(1) DEFINITION.—In this subsection, the term "closed-end company" has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)).

(2) RULES.—Nothing in this section, or in any amendment made by this section, may be construed to limit or amend—

(A) any fiduciary duty owed—

(i) to a closed-end company; or

(ii) by an investment adviser (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) to a closed-end company; or

(B) the valuation, liquidity, or redemption requirements or obligations of a closed-end company, as required under the Investment

Company Act of 1940 (15 U.S.C. 80a–1 et seq.).

○