July 25, 2023

H.R. 2627, Increasing Investor Opportunities Act

As ordered reported by the House Committee on Financial Services on May 24, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

* = between -$500,000 and $500,000.

H.R. 2627 would allow a closed-end investment company, an entity that invests in securities using money raised in its initial public offering, to invest its assets in securities issued by private funds. The bill also would prohibit national securities exchanges from restricting closed-end investment companies that invest in private funds from trading securities.

Using information about the cost of similar rulemakings at the Securities and Exchange Commission (SEC), CBO estimates that implementing H.R. 2627 would cost $1 million in 2024. That amount would support three employees, at an average annual cost of $300,000 per employee, to issue and amend rules in that year. However, because the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that the net effect on discretionary spending over the 2024-2028 period would be negligible, assuming appropriation actions consistent with that authority.

H.R. 2627 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates the aggregate cost would not exceed the threshold established in UMRA for private-sector mandates ($198 million, adjusted annually for inflation).

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

The bill would prohibit national security exchanges (like the New York Stock Exchange and NASDAQ) from limiting the listing or trading of securities by closed-end companies that invest in private funds. Because national security exchanges do not currently govern the private fund investments by closed-end companies, the cost for national security exchanges to comply with the prohibition would be small.

If the SEC increases fees to offset the costs associated with implementing the bill, H.R. 2627 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that the incremental cost of that mandate would be small.

H.R. 2627 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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