

[DISCUSSION DRAFT]

117TH CONGRESS
2^D SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to require disclosures with respect to certain exempted transactions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Exchange Act of 1934 to require disclosures with respect to certain exempted transactions, 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. DISCLOSURE REQUIREMENTS RELATING TO**
4 **CERTAIN EXEMPTED TRANSACTIONS.**

5 (a) AMENDMENT.—The Securities Exchange Act of
6 1934 is amended by inserting after section 13A (15 U.S.C.
7 78m–1) the following:

1 **“SEC. 13B. DISCLOSURE REQUIREMENTS RELATING TO**
2 **CERTAIN EXEMPTED TRANSACTIONS.**

3 “(a) IN GENERAL.—Notwithstanding any other pro-
4 vision of law, in the case of an issuer that conducts a cov-
5 ered exempted transaction, such issuer shall provide to the
6 Commission, at such time and in such manner as the Com-
7 mission may prescribe, the following:

8 “(1) The identity of the issuer.

9 “(2) The place of incorporation of the issuer.

10 “(3) The amount of the issuance and the net
11 proceeds to the issuer.

12 “(4) The principal beneficial owners of the
13 issuer.

14 “(5) The intended use of the proceeds from
15 such issuance, including—

16 “(A) each country in which the issuer in-
17 tends to invest such proceeds; and

18 “(B) each industry in which the issuer in-
19 tends to invest such proceeds.

20 “(6) The exemption the issuer relies on with re-
21 spect to such covered exempted transaction.

22 “(b) AUTHORITY TO REVISE AND PROMULGATE
23 RULES, REGULATIONS, AND FORMS.—The Commission
24 shall, for the protection of investors and fair and orderly
25 markets, revise and promulgate such rules, regulations,
26 and forms as may be necessary to carry out this section.

1 The Commission shall also issue rules to set conditions
2 for future use of the exemptions for those issuers who do
3 not comply with the disclosure requirements of this sec-
4 tion.

5 “(c) COVERED EXEMPTED TRANSACTION.—The
6 term ‘covered exempted transaction’ means an issuance of
7 a security that is exempt from registration under section
8 5 of the Securities Act of 1933 (15 U.S.C. 77e) that—

9 “(1) is structured or intended to comply with—

10 “(A) Rule 506(b) of Regulation D, as pro-
11 mulgated by the Commission;

12 “(B) Regulation S, as promulgated by the
13 Commission; or

14 “(C) Rule 144A, as promulgated by the
15 Commission; and

16 “(2) either—

17 “(A) has an issuance equal to \$25,000,000
18 or greater; or

19 “(B) with respect to any 1-year period,
20 has, together with all covered exempted trans-
21 actions in that period, an aggregate issuance of
22 \$50,000,000 or greater.”.

23 (b) APPLICABILITY.—The amendment made by sub-
24 section (a) shall apply with respect to issuers of covered

1 exempt transactions on the date that is 270 days after
2 the date of the enactment of this Act.

3 (c) REPORT.—The Commission shall, each quarter,
4 submit to the Committee of Financial Services of the
5 House of Representatives and Committee of Banking,
6 Housing, and Urban Affairs of the Senate a report that
7 includes all information submitted by an issuer under sec-
8 tion 13B of the Securities Exchange Act of 1934, as added
9 by subsection (a), during the previous quarter if such
10 issuer—

11 (1) is—

12 (A) incorporated in the People’s Republic
13 of China; or

14 (B) incorporated outside the People’s Re-
15 public of China and has significant entities
16 within the People’s Republic of China being
17 consolidated with the issuer where the assets of
18 those entities within the People’s Republic of
19 China constitute the majority of assets of the
20 consolidated entity; or

21 (2) discloses in a filing made pursuant to sec-
22 tion 13B of the Securities Exchange Act of 1934, as
23 added by subsection (a), that the issuer intends to
24 invest the proceeds from issuance of an exempted
25 transaction in the People’s Republic of China.