

[DISCUSSION DRAFT]

116TH CONGRESS
1ST SESSION

H. R. _____

To require the Securities Exchange Commission to submit a report to Congress about private securities offerings, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To require the Securities Exchange Commission to submit a report to Congress about private securities offerings, 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. SEC STUDY ABOUT PRIVATE SECURITIES OF-**
4 **FERINGS.**

5 (a) IN GENERAL.—The Securities Exchange Com-
6 mission shall conduct a study about private securities of-
7 ferings as described in subsection (b) and submit a report

1 about such study to the Congress before finalizing any
2 qualifying modification.

3 (b) PRIVATE SECURITIES OFFERINGS STUDY.—In
4 conducting the study required by subsection (a), the Com-
5 mission shall identify—

6 (1) the classes of investors expected to be im-
7 pacted by the qualifying modification, including re-
8 tail investors, accredited investors, and qualified in-
9 stitutional buyers;

10 (2) the number of investors expected to be im-
11 pacted by the qualifying modification;

12 (3) in the case of a qualifying modification that
13 would establish a new exemption from registration
14 under the Securities Act of 1933, the size of offer-
15 ings expected under the new exemption and the
16 types of issuers (including financial and nonfinancial
17 issuers) expected to use the new exemption;

18 (4) in the case of a qualifying modification that
19 would make a change to any rule relating to an ex-
20 emption from registration under the Securities Act
21 of 1933, any expected impact on—

22 (A) the size of offerings made in reliance
23 on such rule; and

1 (B) the types of issuers (including finan-
2 cial and nonfinancial issuers) expected to rely
3 on the exemption to which the rule relates;

4 (5) any impact the qualifying modification will
5 have on competition between investors of different
6 levels of sophistication, including the extent to which
7 issuers might offer investors of different sophistica-
8 tion levels varying amounts of information and vary-
9 ing terms and rights;

10 (6) any impact the qualifying modification will
11 have on disclosures of information by issuers to nat-
12 ural person investors;

13 (7) the basis for investor demand for offerings
14 of securities exempt from registration under the Se-
15 curities Act of 1933, including for different classes
16 of investors (including retail investors, accredited in-
17 vestors, and qualified institutional buyers);

18 (8) the reasons for issuer use of any exemption
19 to be created or changed by the qualifying modifica-
20 tion, including whether use of the exemption is re-
21 lated to issuer access to natural person investors;

22 (9) any impact the qualifying modification may
23 have on issuer use of exemptions from registration
24 under the Securities Act of 1933, including for dif-

1 ferent types of issuers (including financial and non-
2 financial issuers);

3 (10) any impact the qualifying modification will
4 have on the likelihood of success of the issuer as a
5 company

6 (11) whether the qualifying modification would
7 have any impacts on fraud and noncompliance in of-
8 ferings of securities exempted from registration
9 under the Securities Act of 1933;

10 (12) any potential impacts the qualifying modi-
11 fication will have on State and Federal regulatory
12 enforcement efforts;

13 (13) any potential impacts the qualifying modi-
14 fication will have on the public securities market;
15 and

16 (14) any information that will be needed to
17 evaluate the qualifying modification.

18 (c) CONSULTATION.—In conducting the study re-
19 quired by subsection (a), the Commission shall consult
20 with State securities regulators.

21 (d) IDENTIFICATION OF CHALLENGES.—Any report
22 submitted by the Commission pursuant to subsection (a)
23 shall identify any challenges that natural person investors
24 might face if they were to participate in—

1 (1) an offering of securities impacted by the
2 qualifying modification; or

3 (2) an offerings of securities that are exempted
4 from registration under the Securities Act of 1933.

5 (e) DESCRIPTION OF ANY LIMITATIONS.—If the
6 Commission lacks the data or information necessary to ad-
7 dress any of the material required to be addressed in the
8 study an report, the Commission shall describe these limi-
9 tations in the report and describe any reasons for such
10 limitations.

11 (f) DEFINITIONS.—For the purposes of this section:

12 (1) COMMISSION.—The term “Commission”
13 means the Securities Exchange Commission.

14 (2) QUALIFYING MODIFICATION.—The term
15 “qualifying modification” means—

16 (A) any change to any rule relating to an
17 exemption from registration under the Securi-
18 ties Act of 1933;

19 (B) any change to a rule relating to re-
20 porting requirements for issuers of registered
21 securities under the Securities Exchange Act of
22 1934; and

23 (C) issuance of any rule that establishes a
24 new exemption from registration under the Se-
25 curities Act of 1933.