AMENDMENT TO RULES COMMITTEE PRINT

117–31

OFFERED BY MR. SHERMAN OF CALIFORNIA

At the end of division G insert the following:

TITLE XI—DISCLOSURE REQUIREMENTS RELATING TO CERTAIN EXEMPTED TRANSACTIONS

SEC. 61101. IN GENERAL.

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

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

“(a) In General.—Notwithstanding any other provision of law, in the case of an issuer that conducts a covered exempted transaction, such issuer shall provide to the Commission, at such time and in such manner as the Commission may prescribe, the following:

“(1) The identity of the issuer.

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

“(3) The amount of the issuance and the net proceeds to the issuer.
“(4) The principal beneficial owners of the issuer.

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

“(A) each country in which the issuer intends to invest such proceeds; and

“(B) each industry in which the issuer intends to invest such proceeds.

“(6) The exemption the issuer relies on with respect to such covered exempted transaction.

“(b) Authority to Revise and Promulgate Rules, Regulations, and Forms.—The Commission shall, for the protection of investors and fair and orderly markets, revise and promulgate such rules, regulations, and forms as may be necessary to carry out this section. The Commission shall also issue rules to set conditions for future use of the exemptions for those issuers who do not comply with the disclosure requirements of this section.

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

“(1) is structured or intended to comply with—
“(A) Rule 506(b) of Regulation D, as promulgated by the Commission;

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

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

“(2) either—

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

“(B) with respect to any 1-year period, has, together with all covered exempted transactions in that period, an aggregate issuance of $50,000,000 or greater.”.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to issuers of covered exempt transactions on the date that is 270 days after the date of the enactment of this Act.

(c) REPORT.—The Commission shall, each quarter, submit to the Committee of Financial Services of the House of Representatives and Committee of Banking, Housing, and Urban Affairs of the Senate a report that includes all information submitted by an issuer under section 13B of the Securities Exchange Act of 1934, as added by subsection (a), during the previous quarter if such issuer—
(1) is—

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

(B) incorporated outside the People’s Republic of China and has significant entities within the People’s Republic of China being consolidated with the issuer where the assets of those entities within the People’s Republic of China constitute the majority of assets of the consolidated entity; or

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