

**AMENDMENT TO RULES COMMITTEE PRINT**

**119-8**

**OFFERED BY MR. SHERMAN OF CALIFORNIA**

At the end of subtitle B of title XVII add the following:

1 **SEC. 17\_\_ . DISCLOSURE REQUIREMENTS RELATING TO**  
2 **CHINA-BASED HEDGE FUNDS CAPITAL RAIS-**  
3 **ING ACTIVITIES IN THE UNITED STATES**  
4 **THROUGH CERTAIN EXEMPTED TRANS-**  
5 **ACTIONS.**

6 (a) AMENDMENT.—The Securities Exchange Act of  
7 1934 is amended by inserting after section 13A (15 U.S.C.  
8 78m-1) the following:

9 **“SEC. 13B. DISCLOSURE REQUIREMENTS RELATING TO**  
10 **CHINA-BASED HEDGE FUNDS CAPITAL RAIS-**  
11 **ING ACTIVITIES IN THE UNITED STATES**  
12 **THROUGH CERTAIN EXEMPTED TRANS-**  
13 **ACTIONS.**

14 “(a) IN GENERAL.—Notwithstanding any other pro-  
15 vision of law, in the case of an issuer that is domiciled  
16 in the People’s Republic of China, including a China-based  
17 hedge fund or a China-based private equity fund, that con-  
18 ducts a covered exempted transaction, such issuer shall

1 provide to the Commission, at such time and in such man-  
2 ner as the Commission may prescribe, the following:

3 “(1) The identity of the issuer.

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

5 “(3) The amount of the issuance involved in the  
6 covered exempted transaction and the net proceeds  
7 to the issuer.

8 “(4) The principal beneficial owners of the  
9 issuer.

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

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

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

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

18 “(b) **AUTHORITY TO REVISE AND PROMULGATE**  
19 **RULES, REGULATIONS, AND FORMS.**—The Commission  
20 shall, for the protection of investors and fair and orderly  
21 markets—

22 “(1) revise and promulgate such rules, regula-  
23 tions, and forms as may be necessary to carry out  
24 this section; and

1           “(2) issue rules to set conditions for the use of  
2 covered exempted transactions by an issuer who does  
3 not comply with the requirements under subsection  
4 (a).

5           “(c) COVERED EXEMPTED TRANSACTION.—In this  
6 section, the term ‘covered exempted transaction’ means an  
7 issuance of a security that is exempt from registration  
8 under section 5 of the Securities Act of 1933 (15 U.S.C.  
9 77e) that—

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

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

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

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

17           “(2) either—

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

20           “(B) with respect to any 1-year period,  
21 has, together with all covered exempted trans-  
22 actions in that period, an aggregate issuance of  
23 \$50,000,000 or greater.”.

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

1 exempted transactions on the date that is 270 days after  
2 the date of the enactment of this section.

3 (c) REPORT.—The Securities and Exchange Commis-  
4 sion shall, each quarter, issue a report to the Committee  
5 on Financial Services of the House of Representatives and  
6 the Committee on Banking, Housing, and Urban Affairs  
7 of the Senate containing all information submitted by an  
8 issuer under section 13B of the Securities Exchange Act  
9 of 1934, as added by subsection (a), during the previous  
10 quarter.

