

AMENDMENT TO THE RULES COMMITTEE PRINT

115-43

OFFERED BY MR. SHERMAN OF CALIFORNIA

Page 2, line 18, strike “public”.

Page 2, line 19, insert before the period the following “, other than a business combination related shell company”.

Page 2, after line 19, insert the following:

1 (iv) Directly, or indirectly through any
2 of its affiliates, provides financing related
3 to the transfer of ownership of an eligible
4 privately held company.

5 (v) Assists any party to obtain financ-
6 ing from an unaffiliated third party with-
7 out—

8 (I) complying with all other ap-
9 plicable laws in connection with such
10 assistance, including, if applicable,
11 Regulation T (12 C.F.R. 220 et seq.);
12 and

13 (II) disclosing any compensation
14 in writing to the party.

1 (vi) Represents both the buyer and
2 the seller in the same transaction without
3 providing clear written disclosure as to the
4 parties the broker represents and obtaining
5 written consent from both parties to the
6 joint representation.

7 (vii) Facilitates a transaction with a
8 group of buyers formed with the assistance
9 of the M&A broker to acquire the eligible
10 privately held company.

11 (viii) Engages in a transaction involv-
12 ing the transfer of ownership of an eligible
13 privately held company to a passive buyer
14 or group of passive buyers. For purposes
15 of the preceding sentence, a buyer that is
16 actively involved in managing the acquired
17 company is not a passive buyer, regardless
18 of whether such buyer is itself owned by
19 passive beneficial owners.

20 (ix) Binds a party to a transfer of
21 ownership of an eligible privately held com-
22 pany.

Page 3, after line 16, insert the following (and re-
designate subsequent clauses accordingly):

1 “(i) BUSINESS COMBINATION RE-
2 LATED SHELL COMPANY.—The term ‘busi-
3 ness combination related shell company’
4 means a shell company that is formed by
5 an entity that is not a shell company—

6 “(I) solely for the purpose of
7 changing the corporate domicile of
8 that entity solely within the United
9 States; or

10 “(II) solely for the purpose of
11 completing a business combination
12 transaction (as defined under section
13 230.165(f) of title 17, Code of Fed-
14 eral Regulations) among one or more
15 entities other than the company itself,
16 none of which is a shell company.”.

Page 4, line 1, strike “officer exercising” and insert
“corporate officer of a corporation or limited liability
company, and exercises”.

Page 4, line 4, strike “20” and insert “25”.

Page 4, line 7, strike “20” and insert “25”.

Page 4, line 12, strike “20” and insert “25”.

Page 5, after line 18, insert the following flush-left
text: “For purposes of this subclause, the Commission

may by rule modify the dollar figures if the Commission determines that such a modification is necessary or appropriate in the public interest or for the protection of investors.”.

Page 7, strike lines 15 through 25 and insert the following:

1 “(v) SHELL COMPANY.—The term
2 ‘shell company’ means a company that at
3 the time of a transaction with an eligible
4 privately held company—
5 “(I) has no or nominal oper-
6 ations; and
7 “(II) has—”.

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