

AMENDMENT TO RULES COMMITTEE PRINT

117-54

OFFERED BY MR. SHERMAN OF CALIFORNIA

At the end of title LIV of division E, insert the following:

1 **SEC. 5403. 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 **CERTAIN EXEMPTED TRANSACTIONS.**

11 “(a) IN GENERAL.—Notwithstanding any other pro-
12 vision of law, in the case of an issuer that is domiciled
13 in the People’s Republic of China, including a China-based
14 hedge fund or a China-based private equity fund, that con-
15 ducts a covered exempted transaction, such issuer shall
16 provide to the Commission, at such time and in such man-
17 ner as the Commission may prescribe, the following:

18 “(1) The identity of the issuer.

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

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

5 “(4) The principal beneficial owners of the
6 issuer.

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

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

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

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

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

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

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

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

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

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

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

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

13 “(2) either—

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

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

20 (b) APPLICABILITY.—The amendment made by sub-
21 section (a) shall apply with respect to issuers of covered
22 exempted transactions on the date that is 270 days after
23 the date of the enactment of this Act.

24 (c) REPORT.—The Securities and Exchange Commis-
25 sion shall, each quarter, issue a report to the Committee

1 on Financial Services of the House of Representatives and
2 the Committee on Banking, Housing, and Urban Affairs
3 of the Senate containing all information submitted by an
4 issuer under section 13B of the Securities Exchange Act
5 of 1934, as added by subsection (a), during the previous
6 quarter.

