

COMMITTEE PRINT

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ON CAPITAL MARKETS, OCTOBER 5, 2011

112TH CONGRESS
1ST SESSION

H. R.

To amend the securities laws to establish certain thresholds for shareholder registration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2011

Mr. HIMES (for himself and Mr. WOMACK) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the securities laws to establish certain thresholds for shareholder registration, 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. SHAREHOLDER REGISTRATION THRESHOLD.**

4 (a) AMENDMENTS TO SECTION 12 OF THE SECURI-
5 TIES EXCHANGE ACT OF 1934.—Section 12(g) of the Se-
6 curities Exchange Act of 1934 (15 U.S.C. 78l (g)) is
7 amended—

8 (1) in paragraph (1)—

1 (A) by striking “\$1,000,000” both places
2 it appears and inserting “\$10,000,000”;

3 (B) in subparagraph (A), by striking “;
4 and” and inserting a semicolon;

5 (C) in subparagraph (B), by striking the
6 comma at the end and inserting “; and”; and

7 (D) by inserting after subparagraph (B)
8 the following:

9 “(C) in the case of an issuer that is a
10 bank, as such term is defined in section 3(a)(6)
11 of this title, or a bank holding company, as
12 such term is defined in section 2 of the Bank
13 Holding Company Act of 1956 (12 U.S.C.
14 1841), not later than 120 days after the last
15 day of its first fiscal year ended after the effec-
16 tive date of this subsection, on which the issuer
17 has total assets exceeding \$10,000,000 and a
18 class of equity security (other than an exempted
19 security) held of record by 2000 or more per-
20 sons,”; and

21 (2) in paragraph (4), by striking “three hun-
22 dred” and inserting “300 persons, or, in the case of
23 a bank, as such term is defined in section 3(a)(6),
24 or a bank holding company, as such term is defined

1 in section (2) of the Bank Holding Company Act of
2 1956 (12 U.S.C. 1841), 1200”.

3 (b) AMENDMENTS TO SECTION 15 OF THE SECURI-
4 TIES EXCHANGE ACT OF 1934.—Section 15(d) of the Se-
5 curities Exchange Act of 1934 (15 U.S.C. 78o(d)) is
6 amended, in the third sentence, by striking “three hun-
7 dred” and inserting “300 persons, or, in the case of bank,
8 as such term is defined in section 3(a)(6), or a bank hold-
9 ing company, as such term is defined in section (2) of the
10 Bank Holding Company Act of 1956 (12 U.S.C. 1841),
11 1200”.

12 **SEC. 2. STUDY AND REPORT ON REGISTRATION THRESH-**
13 **OLDS.**

14 (a) STUDY.—

15 (1) ANALYSIS REQUIRED.—The Chief Econo-
16 mist and Director of the Division of Corporation Fi-
17 nance of the Commission shall jointly conduct a
18 study, including a cost-benefit analysis, of share-
19 holder registration thresholds.

20 (2) COSTS AND BENEFITS.—The cost-benefit
21 analysis under paragraph (1) shall take into ac-
22 count—

23 (A) the incremental costs and benefits to
24 investors of the increased disclosure that results
25 from registration;

1 (B) the incremental costs and benefits to
2 issuers associated with registration and report-
3 ing requirements; and

4 (C) the incremental administrative costs to
5 the Commission associated with different
6 thresholds.

7 (3) THRESHOLDS.—The cost-benefit analysis
8 under paragraph (1) shall evaluate whether it is ad-
9 visable to—

10 (A) increase the asset threshold;

11 (B) index the asset threshold to a measure
12 of inflation;

13 (C) increase the shareholder threshold;

14 (D) change the shareholder threshold to be
15 based on the number of beneficial owners; and

16 (E) create new thresholds based on other
17 criteria.

18 (b) REPORT.—Not later than 2 years after the date
19 of enactment of this Act, the Chief Economist and the Di-
20 rector of the Division of Corporation Finance of the Com-
21 mission shall jointly submit to the Committee on Banking,
22 Housing, and Urban Affairs of the Senate and the Com-
23 mittee on Financial Services of the House of Representa-
24 tives a report that includes—

1 (1) the findings of the study required under
2 subsection (a); and

3 (2) recommendations for statutory changes to
4 improve the shareholder registration thresholds.

5 **SEC. 3. RULEMAKING.**

6 Not later than one year after the date of enactment
7 of this Act, the Commission shall issue final regulations
8 to implement this Act and the amendments made by this
9 Act.