

112TH CONGRESS  
1ST SESSION

# H. R. 1965

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

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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

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## 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. 781(g)) is  
7 amended—

8 (1) in paragraph (1)—

9 (A) by striking subparagraphs (A) and (B)

10 and inserting the following:

1           “(1) in the case of an issuer that is a bank, as  
2 such term is defined in section 3(a)(6) of this title,  
3 or a bank holding company, as such term is defined  
4 in section (2) of the Bank Holding Company Act of  
5 1956 (12 U.S.C. 1841), 2000 persons or more; and

6           “(2) in the case of an issuer that is not a bank  
7 or bank holding company, 500 persons or more,”;  
8 and

9           (B) by striking “commerce shall” and in-  
10 sserting “commerce shall, not later than 120  
11 days after the last day of its first fiscal year  
12 ended after the effective date of this subsection,  
13 on which the issuer has total assets exceeding  
14 \$10,000,000 and a class of equity security  
15 (other than an exempted security) held of  
16 record by”; and

17           (2) in paragraph (4), by striking “three hun-  
18 dred” and inserting “300 persons, or, in the case of  
19 a bank, as such term is defined in section 3(a)(6),  
20 or a bank holding company, as such term is defined  
21 in section (2) of the Bank Holding Company Act of  
22 1956 (12 U.S.C. 1841), 1200”.

23           (b) AMENDMENTS TO SECTION 15 OF THE SECURI-  
24 TIES EXCHANGE ACT OF 1934.—Section 15(d) of the Se-  
25 curities Exchange Act of 1934 (15 U.S.C. 78o(d)) is

1 amended, in the third sentence, by striking “three hun-  
 2 dred” and inserting “300 persons, or, in the case of bank,  
 3 as such term is defined in section 3(a)(6), or a bank hold-  
 4 ing company, as such term is defined in section (2) of the  
 5 Bank Holding Company Act of 1956 (12 U.S.C. 1841),  
 6 1200”.

7 **SEC. 2. STUDY AND REPORT ON REGISTRATION THRESH-**  
 8 **OLDS.**

9 (a) STUDY.—

10 (1) ANALYSIS REQUIRED.—The Chief Econo-  
 11 mist and Director of the Division of Corporation Fi-  
 12 nance of the Commission shall jointly conduct a  
 13 study, including a cost-benefit analysis, of share-  
 14 holder registration thresholds.

15 (2) COSTS AND BENEFITS.—The cost-benefit  
 16 analysis under paragraph (1) shall take into ac-  
 17 count—

18 (A) the incremental benefits to investors of  
 19 the increased disclosure that results from reg-  
 20 istration;

21 (B) the incremental costs to issuers associ-  
 22 ated with registration and reporting require-  
 23 ments; and

1 (C) the incremental administrative costs to  
2 the Commission associated with different  
3 thresholds.

4 (3) THRESHOLDS.—The cost-benefit analysis  
5 under paragraph (1) shall evaluate whether it is ad-  
6 visable to—

7 (A) increase the asset threshold;

8 (B) index the asset threshold to a measure  
9 of inflation;

10 (C) increase the shareholder threshold;

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

13 (E) create new thresholds based on other  
14 criteria.

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

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

24 (2) recommendations for statutory changes to  
25 improve the shareholder registration thresholds.

1 **SEC. 3. RULEMAKING.**

2       Not later than one year after the date of enactment  
3 of this Act, the Commission shall issue final regulations  
4 to implement this Act and the amendments made by this  
5 Act.

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