

*All amendments
adopted without
objection*

AMENDMENT NO. 1

MR. WILLIAMS

AMENDMENT TO TITLE II OF S. 305

On Page 9, line 12 and page 10, line 16, strike the word "nationality" and insert in lieu thereof "citizenship."

Explanation

Section 202 of S. 305 would amend Section 13 (d) (1) of the Exchange Act to require any person who is the beneficial owner of more than five percent of a class of voting securities to disclose certain information in addition to that already required. The additional disclosures would include information concerning an investor's residence, 'nationality' and the nature of his beneficial ownership. In addition, the bill would require investors to disclose the background, identity, residence, and 'nationality' of each associate who beneficially owns shares of the same class of equity security.

The narrow purpose of this amendment is to substitute the more precise term and concept of "citizenship" for "nationality." It should be noted that the Commission recently recommended amendments to its Schedule D, the reporting form for information required under Section 13(d), requiring the disclosure of the citizenship of the beneficial owner. This amendment would make it a statutory requirement.

MR. WILLIAMS

AMENDMENT TO SECTION 203 OF S. 305 IN THE NATURE OF A SUBSTITUTE.

Strike proposed subsection (g) beginning on page 11, line 6 through page 14, line 19 and insert in lieu thereof the following:

(g) (1) Any person who is directly or indirectly the beneficial owner of more than five per centum of any security of a class described in subsection (d) (1) of this section shall send to the issuer of the security and shall file with the Commission a statement setting forth, in such form and at such time as the Commission may, by rule, prescribe:

- (A) such person's identity, residence and citizenship;
- (B) the number and description of the shares in which such person has an interest and the nature of such interest;
- (C) the time and manner of acquisition of such shares and subsequent transactions in such shares; and
- (D) such other similar information as the Commission may, by rule, prescribe as necessary or appropriate in the public interest or for the protection of investors.

(2) If any material change occurs in the facts set forth in the statement sent to the issuer and filed with the Commission, an amendment shall be transmitted to the issuer and shall be filed with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(3) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a "person" for the purposes of this subsection.

(4) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

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(5) In exercising its authority under this subsection, the Commission shall take such steps as it deems necessary or appropriate in the public interest or for the protection of investors (A) to achieve centralized reporting of information regarding ownership and other interests in securities, (B) to avoid unnecessarily duplicative reporting by and minimize the compliance burden on persons required to report, and (C) to tabulate and promptly make available the information contained in any report filed pursuant to this subsection in a manner which will, in the view of the Commission, maximize the usefulness of the information to other Federal and State agencies and the public.

(6) The Commission may, by rule or order, exempt, in whole or in part, any person or class of persons from the reporting requirements of this subsection as it deems necessary or appropriate in the public interest or for the protection of investors.

within 30 months of the date of enactment of this subsection

(H) The Commission shall report to the Congress/with respect to (1) the effectiveness of the ownership reporting requirements contained in this title, and (2) the desirability and the feasibility of reducing or otherwise modifying the 5 per centum threshold used in subsections (d) (1) and (g) (1) of this section, giving appropriate consideration to:

- (A) the incidence of avoidance of reporting by beneficial owners using multiple holders of record;
- (B) the cost of compliance to persons required to report;
- (C) the cost to issuers and others of processing and disseminating the reported information;
- (D) the effect of such action on the securities markets, including the system for the clearance and settlement of securities transactions;
- (E) the benefits to investors and to the public;
- (F) any bona fide interests of individuals in the privacy of their financial affairs;
- (G) the extent to which such reported information gives or would give any person an undue advantage in connection with activities subject to sections 13 (d) and 14 (d) of this title;
- (H) the need for such information in connection with the administration and enforcement of this title; and
- (I) such other matters as the Commission may deem relevant, including the information obtained pursuant to section 13 (f) of this title.

EXPLANATION

Paragraph 1 would add a general disclosure provision to existing law applicable to 5 percent owners of certain securities who are not currently required to report under section 13 (d). The form of the disclosure is left to rulemaking so as to afford the Commission requisite flexibility in prescribing details of the ownership statement and to enable the Commission to conform such rules, to the extent possible, with Sections 13 (d) and 16 (a). The paragraph generally circumscribes, however, the nature of the information to be reported.

Paragraphs (2), (3) and (4) substantially parallel Paragraphs (2), (3) and (4) of Section 13 (d) in order to maintain uniformity of terms and of the requirements for filing amended statements. Section 13 (d), however, requires reporting owners to file a statement with any exchange on which the security in question is traded. Section 13 (g) dispenses with that requirement.

Paragraph (5) directs the Commission to take appropriate steps to establish a centralized, non-duplicative system for reporting ownership information. The language encompasses reporting under all sections of the Securities Exchange Act and parallels language which appears in Section 13(f), relating to disclosure by institutional investment managers. It would also require the Commission to tabulate the information and promptly make it available for public use and inspection.

Paragraph (6) authorizes the Commission to exempt persons from the reporting requirements of subsection (g).

New subsection (H) would direct the Commission, upon consideration of specified criteria, to report to Congress within 30 months of the effective date of the subsection on the effectiveness of the ownership reporting requirements contained in the Exchange Act and the desirability and feasibility of reducing or otherwise modifying the 5 percent threshold for reporting under subsections (d) (1) and (g) (1) of the Act.

AMENDMENT NO. 3

MR. WILLIAMS

AMENDMENT TO TITLE II OF S. 305

Add a new section 204 to the bill to amend section 15 (d) of the Securities Exchange Act of 1934 by inserting as the penultimate sentence the following:

The Commission may, for the purpose of this subsection, define by rules and regulations the term "held of record" as it deems necessary or appropriate in the public interest or for the protection of investors in order to prevent circumvention of the provisions of this subsection.

Explanation

This section empowers the Commission to define the term "held of record" for purposes of Section 15 (d) of the Act. Section 15 (d) requires an issuer which distributes securities pursuant to a registration statement filed with the SEC under the Securities Act of 1933 to meet the same continuing reporting requirements as issuers of securities registered pursuant to section 12 so long as the security is "held of record" by at least 300 persons.

As the SEC's Street Name Study noted" a substantial increase in the use of nominee and street name registration * * * could * * * exclude or remove from the jurisdiction of the Act issuers which, in the contemplation of Congress, properly should be subject to the Act."

This provision, which tracks a related provision under Section 12 (g) of the Act, would carry out a recommendation of the Street Name Study and enable the Commission to take steps to remove depositories from the chain of ownership of securities held in depositories, thus preserving the jurisdictional effectiveness of Section 15 (d).