

114TH CONGRESS  
1ST SESSION

# H. R. 3921

To amend the Securities Exchange Act of 1934 to require certain reporting by hedge funds that are the beneficial owner of more than 1 percent of a class of security, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 4, 2015

Ms. VELÁZQUEZ introduced the following bill; which was referred to the  
Committee on Financial Services

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## A BILL

To amend the Securities Exchange Act of 1934 to require certain reporting by hedge funds that are the beneficial owner of more than 1 percent of a class of security, 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. SHORT TITLE.**

4       This Act may be cited as the “Hedge Fund Sunshine  
5       Act of 2015”.

6       **SEC. 2. HEDGE FUND OWNERSHIP DISCLOSURES.**

7       Section 13 of the Securities Exchange Act of 1934  
8       (15 U.S.C. 78m) is amended—

1 (1) in subsection (d), by adding at the end the  
2 following:

3 “(7) TREATMENT OF HEDGE FUNDS.—

4 “(A) IN GENERAL.—With respect to a hedge  
5 fund, the requirements under paragraph (1) shall be  
6 applied—

7 “(i) with ‘1 per centum’ substituted for ‘5  
8 per centum’; and

9 “(ii) with ‘five days’ substituted for ‘ten  
10 days’.

11 “(B) INCLUSION OF DERIVATIVES.—In deter-  
12 mining beneficial ownership under paragraph (1), a  
13 hedge fund shall include any equity security with re-  
14 spect to which the hedge fund owns any derivative  
15 instrument which includes the opportunity, directly  
16 or indirectly, to profit or share in any profit derived  
17 from any increase in the value of such equity secu-  
18 rity.

19 “(C) DEFINITIONS.—For purposes of this para-  
20 graph:

21 “(i) DERIVATIVE.—The term ‘derivative’  
22 means any instrument or right with an exercise  
23 or conversion privilege or a settlement payment  
24 or mechanism at a price related to an equity se-  
25 curity or with a value derived in whole or in

part from the value of the equity security, whether or not such instrument or right is subject to settlement in the underlying security or otherwise.

“(ii) HEDGE FUND.—The term ‘hedge fund’ means—

“(I) an issuer that would be an investment company, as defined in the Investment Company Act of 1940, but for section 3(c)(1) or 3(c)(7) of that Act; and

“(II) any similar fund that the Commission may, by rule, determine appropriate.”; and

(2) by adding at the end the following:

“(s) HEDGE FUND OWNERSHIP DISCLOSURES.—

“(1) IN GENERAL.—A hedge fund that has \$100,000,000 or more in assets under management and that is, directly or indirectly, the beneficial owner of more than 1 percent of a class of any security shall file a quarterly report with the Commission disclosing such ownership interest.

“(2) INCLUSION OF DERIVATIVES.—In determining beneficial ownership under paragraph (1), a hedge fund shall include any equity security with respect to which the hedge fund has an ownership in-

1       terest in any derivative instrument which includes  
2       the opportunity, directly or indirectly, to profit or  
3       share in any profit derived from any increase in the  
4       value of such equity security.

5           “(3) FILING DEADLINE.—A hedge fund re-  
6       quired to file a quarterly report under this sub-  
7       section shall file such report not later than 3 days  
8       after the end of such quarter.

9           “(4) PUBLIC AVAILABILITY OF INFORMATION.—  
10      The Commission shall make all reports received  
11      under this subsection publicly available on the Com-  
12      mission’s website.

13          “(5) DEFINITIONS.—For purposes of this sub-  
14      section:

15           “(A) DERIVATIVE.—The term ‘derivative’  
16      means any instrument or right with an exercise  
17      or conversion privilege or a settlement payment  
18      or mechanism at a price related to an equity se-  
19      curity or with a value derived in whole or in  
20      part from the value of the equity security,  
21      whether or not such instrument or right is sub-  
22      ject to settlement in the underlying security or  
23      otherwise.

24           “(B) HEDGE FUND.—The term ‘hedge  
25      fund’ means—

1           “(i) an issuer that would be an invest-  
2           ment company, as defined in the Invest-  
3           ment Company Act of 1940, but for sec-  
4           tion 3(c)(1) or 3(c)(7) of that Act; and

5           “(ii) any similar fund that the Com-  
6           mission may, by rule, determine appro-  
7           priate.”.

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