

# Senate Banking Committee Focused on Deregulation

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by Jason Brenkert

On March 9, 2017, the Senate Banking Committee passed a series of four bills focused on deregulation, including one that would make it easier for privately held companies to issue stock awards through equity compensation plans. Each of the bills was a bipartisan effort.

- One bill eases certain restrictions on reporting on exchange traded funds (ETFs). The bill would address securities laws and regulations that discourage broker-dealers from publishing research on ETFs by directing the Securities and Exchange Commission (SEC) to provide a safe harbor for research reports that cover ETFs.
- The second bill proposes to ease reporting thresholds for privately held corporations when issuing stock awards. Currently, under Item 701 under the Securities Act of 1933, as amended, if the sales price or amount of securities sold in any 12-month period under a private company's equity compensation plans exceeds \$5 million, then the company must provide certain information to the holders of the equity compensation securities, which many companies consider onerous and inappropriate for a privately held corporation. The bill would increase that threshold to \$10 million and have it adjusted for inflation.
- A third bill would raise to 250 from 100 the number of investors venture capital funds can acquire before triggering SEC registration requirements under the Investment Company Act of 1940, as amended.
- The final bill would credit stock exchanges for any fees they have overpaid the SEC.

The bills have been reported to the Senate, placed on the Senate legislative calendar and are awaiting further action by the Senate. Companion bills in the House are moving through the House Finance Committee.

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