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# SEC to Modernize Section 13(d) and (g) Beneficial Ownership Reporting

The SEC today proposed amendments to Regulation 13D-G to modernize the beneficial ownership reporting rules for public markets. The proposed rules and accompanying release reflect a thoughtful, commonsense approach to disclosure reform in this important area.

The key proposed changes include:

- Shortening the Schedule 13D filing deadline from 10 days to five days, and setting an amendment deadline of one business day (rather than "promptly") after a material change;
- Shortening the Schedule 13G filing deadlines to five business days after the end of the month in which the investor crosses the five percent threshold (from 45 days after year-end), or five days after crossing the threshold (from 10 days) for nonexempt passive investors;
- Defining "deemed" beneficial ownership to include reference securities underlying cash-settled derivative securities that are held for the purpose or effect of changing or influencing the control of the issuer of the reference securities; and
- Clarifying the circumstances under which two or more persons have formed a "group" for purposes of Regulation 13D-G, to include, among other things, "tipper-tippee" relationships and permitting institutional investor organizations, like The Investor Forum in London, to facilitate shareholder engagement not undertaken with the purpose or effect of changing or influencing control.

The proposed amendments represent the most significant reforms to beneficial ownership reporting requirements since the rules were adopted in 1968 and importantly increase the timeliness and quality of information that all market participants would have.

As SEC Commissioner Gary Gensler noted today: "Those decades-old rules might've been appropriate in the past, but I think we can update them given the rapidity of current markets and technologies."

We have long been advocates for reform in this area, including in our 2011 petition to the SEC, and in other of our writings cited in the SEC's proposed rule. The reforms proposed by the SEC today are an important step forward for market transparency and reflect the many technological and other changes of the last 50 years. We believe that the proposed changes address many of the significant deficiencies in the current, outdated rules, and we encourage issuers and other stakeholders to submit comments in support of these changes.

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