

**FINANCIAL REFORM CONFERENCE: HOUSE
COUNTER OFFER FOR SUBTITLE G OF TITLE IX**

Strike section 971 and redesignate succeeding sections and conform the table of contents accordingly.

Page 1257, strike lines 10 through 16 and insert the following:

1 (b) REGULATIONS.—

2 (1) IN GENERAL.—Before imposing the require-
3 ments described in section 14(a)(2) of the Securities
4 Exchange Act of 1934 (as added by subsection (a)),
5 the Commission shall issue rules permitting the use
6 of proxy solicitation materials by shareholders who
7 have a long-term interest in the prosperity of the
8 issuer for the purpose of nominating individuals to
9 membership on the board of directors of the issuer,
10 under such terms and conditions as the Commission
11 determines are in the interests of shareholders and
12 for the protection of investors. In identifying such
13 shareholders who have a long-term interest in the
14 prosperity of the issuer, the Commission shall con-
15 sider—

1 (A) the number of shares held by the
2 shareholder;

3 (B) the length of time the shareholder has
4 held shares of the issuer; and

5 (C) whether the factors in subparagraphs
6 (A) and (B) should be tiered to the relative size
7 of issuers.

8 (2) CONSIDERATION.—In issuing the rules
9 under this subsection, the Commission may—

10 (A) consider whether to require any share-
11 holder that is permitted under such rules to use
12 proxy solicitation materials to nominate an indi-
13 vidual to membership on the board of directors
14 of an issuer, and whose nominee is elected to
15 such board, to hold shares of the issuer for a
16 fixed period of time after such nominee is elect-
17 ed, as determined by the Commission; and

18 (B) consider whether long-term share-
19 holders of relatively smaller numbers of shares
20 are treated similarly to shorter-term share-
21 holders of relatively larger number of shares.

22 (3) LIMITATION.—For purposes of the rules re-
23 quired under this subsection, a shareholder who has
24 held shares of the issuer for less than 1 year shall
25 not be permitted under such rules to use proxy solic-

1 itation materials for the purpose described in para-
2 graph (1).

