

#### Question 104.04

**Question:** A security holder owns variable-rate convertible notes. The number of common shares into which the notes are convertible within the next 60 days varies daily with the price of the underlying common stock. Does the holder of the convertible notes have the obligation to ~~promptly~~ amend the Schedule 13D pursuant to Rule 13d-2(a) whenever a change in the conversion rate ~~would result~~results in a one percent or more change in beneficial ownership of the underlying common shares?

**Answer:** Yes. Under Rule 13d-3(d), the right to acquire additional securities through changes in the amount of securities deemed beneficially owned based on a conversion rate is viewed in the same manner as the initial receipt of the right to acquire securities upon conversion that first triggered a filing obligation under Rule 13d-1(a). [~~Sep. 14, 2009~~ July 11, 2025]