

104TH CONGRESS  
2D SESSION

# H. R. 2972

## AN ACT

To authorize appropriations for the Securities and Exchange Commission, to reduce the fees collected under the Federal securities laws, and for other purposes.

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To authorize appropriations for the Securities and Exchange Commission, to reduce the fees collected under the Federal securities laws, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Securities and Ex-  
3 change Commission Authorization Act of 1996”.

4 **SEC. 2. PURPOSES.**

5 The purposes of this Act are—

6 (1) to authorize appropriations for the Securi-  
7 ties and Exchange Commission for fiscal year 1997;  
8 and

9 (2) to reduce over time the rates of fees  
10 charged under the Federal securities laws.

11 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

12 Section 35 of the Securities Exchange Act of 1934  
13 is amended to read as follows:

14 **“SEC. 35. AUTHORIZATION OF APPROPRIATIONS.**

15 “There are authorized to be appropriated to carry out  
16 the functions, powers, and duties of the Commission  
17 \$317,000,000 for fiscal year 1997.”.

18 **SEC. 4. REGISTRATION FEES.**

19 Section 6(b) of the Securities Act of 1933 (15 U.S.C.  
20 77f(b)) is amended to read as follows:

21 “(b) REGISTRATION FEE.—

22 “(1) RECOVERY OF COST OF SERVICES.—The  
23 Commission shall, in accordance with this sub-  
24 section, collect registration fees that are designed to  
25 recover the costs to the government of the securities  
26 registration process, and costs related to such proc-

1       ess, including enforcement activities, policy and rule-  
2       making activities, administration, legal services, and  
3       international regulatory activities.

4           “(2) FEE PAYMENT REQUIRED.—At the time of  
5       filing a registration statement, the applicant shall  
6       pay to the Commission a fee that shall be equal to  
7       the sum of the amounts (if any) determined under  
8       the rates established by paragraphs (3) and (4). The  
9       Commission shall publish in the Federal Register  
10      notices of the fee rates applicable under this section  
11      for each fiscal year. In no case shall the fee required  
12      by this subsection be less than \$200, except that  
13      during fiscal year 2002 or any succeeding fiscal year  
14      such minimum fee shall be \$182.

15          “(3) GENERAL REVENUE FEES.—The rate de-  
16      termined under this paragraph is a rate equal to  
17      \$200 for each \$1,000,000 of the maximum aggre-  
18      gate price at which such securities are proposed to  
19      be offered, except that during fiscal year 2002 and  
20      any succeeding fiscal year such rate is equal to \$182  
21      for each \$1,000,000 of the maximum aggregate  
22      price at which such securities are proposed to be of-  
23      fered. Fees collected during any fiscal year pursuant  
24      to this paragraph shall be deposited and credited as  
25      general revenues of the Treasury.

1 “(4) OFFSETTING COLLECTION FEES.—

2 “(A) IN GENERAL.—Except as provided in  
3 subparagraphs (B) and (C), the rate deter-  
4 mined under this paragraph is a rate equal to  
5 the following amount for each \$1,000,000 of  
6 the maximum aggregate price at which such se-  
7 curities are proposed to be offered:

8 “(i) \$103 during fiscal year 1997;

9 “(ii) \$70 during fiscal year 1998;

10 “(iii) \$38 during fiscal year 1999;

11 “(iv) \$17 during fiscal year 2000; and

12 “(v) \$0 during fiscal year 2001 or any  
13 succeeding fiscal year.

14 “(B) LIMITATION; DEPOSIT.—Except as  
15 provided in subparagraph (C), no amounts shall  
16 be collected pursuant to this paragraph (4) for  
17 any fiscal year except to the extent provided in  
18 advance in appropriations acts. Fees collected  
19 during any fiscal year pursuant to this para-  
20 graph shall be deposited and credited as offset-  
21 ting collections in accordance with appropria-  
22 tions Acts.

23 “(C) LAPSE OF APPROPRIATIONS.—If on  
24 the first day of a fiscal year a regular appro-  
25 priation to the Commission has not been en-

1           acted, the Commission shall continue to collect  
2           fees (as offsetting collections) under this para-  
3           graph at the rate in effect during the preceding  
4           fiscal year, until such a regular appropriation is  
5           enacted.”.

6 **SEC. 5. TRANSACTION FEES.**

7           (a) AMENDMENT.—Section 31 of the Securities Ex-  
8           change Act of 1934 (15 U.S.C. 78ee) is amended to read  
9           as follows:

10 **“SEC. 31. TRANSACTION FEES.**

11           “(a) RECOVERY OF COST OF SERVICES.—The Com-  
12           mission shall, in accordance with this subsection, collect  
13           transaction fees that are designed to recover the costs to  
14           the Government of the supervision and regulation of secu-  
15           rities markets and securities professionals, and costs relat-  
16           ed to such supervision and regulation, including enforce-  
17           ment activities, policy and rulemaking activities, adminis-  
18           tration, legal services, and international regulatory activi-  
19           ties.

20           “(b) EXCHANGE-TRADED SECURITIES.—Every na-  
21           tional securities exchange shall pay to the Commission a  
22           fee at a rate equal to \$33 for each \$1,000,000 of the ag-  
23           gregate dollar amount of sales of securities (other than  
24           bonds, debentures, and other evidences of indebtedness)  
25           transacted on such national securities exchange, except

1 that for fiscal year 2002 or any succeeding fiscal year such  
2 rate shall be equal to \$25 for each \$1,000,000 of such  
3 aggregate dollar amount of sales. Fees collected pursuant  
4 to this subsection shall be deposited and collected as gen-  
5 eral revenue of the Treasury.

6 “(c) OFF-EXCHANGE-TRADES OF EXCHANGE-REG-  
7 ISTERED SECURITIES.—Every national securities associa-  
8 tion shall pay to the Commission a fee at a rate equal  
9 \$33 for each \$1,000,000 of the aggregate dollar amount  
10 of sales transacted by or through any member of such as-  
11 sociation otherwise than on a national securities exchange  
12 of securities registered on such an exchange (other than  
13 bonds, debentures, and other evidences of indebtedness),  
14 except that for fiscal year 2002 or any succeeding fiscal  
15 year such rate shall be equal to \$25 for each \$1,000,000  
16 of such aggregate dollar amount of sales. Fees collected  
17 pursuant to this subsection shall be deposited and col-  
18 lected as general revenue of the Treasury.

19 “(d) OFF-EXCHANGE-TRADES OF LAST-SALE-RE-  
20 PORTED SECURITIES.—

21 “(1) COVERED TRANSACTIONS.—Every national  
22 securities association shall pay to the Commission a  
23 fee at a rate equal to the dollar amount determined  
24 under paragraph (2) for each \$1,000,000 of the ag-  
25 gregate dollar amount of sales transacted by or

1 through any member of such association otherwise  
2 than on a national securities exchange of securities  
3 (other than bonds, debentures, and other evidences  
4 of indebtedness) subject to prompt last sale report-  
5 ing pursuant to the rules of the Commission or a  
6 registered national securities association, excluding  
7 any sales for which a fee is paid under subsection  
8 (c).

9 “(2) FEE RATES.—Except as provided in para-  
10 graph (4), the dollar amount determined under this  
11 paragraph is—

12 “(A) \$12 for fiscal year 1997;

13 “(B) \$14 for fiscal year 1998;

14 “(C) \$17 for fiscal year 1999;

15 “(D) \$18 for fiscal year 2000;

16 “(E) \$20 for fiscal year 2001; and

17 “(F) \$25 for fiscal year 2002 or for any  
18 succeeding fiscal year.

19 “(3) LIMITATION; DEPOSIT OF FEES.—Except  
20 as provided in paragraph (4), no amounts shall be  
21 collected pursuant to this subsection (d) for any fis-  
22 cal year beginning before October 1, 2001, except to  
23 the extent provided in advance in appropriations  
24 Acts. Fees collected during any such fiscal year pur-  
25 suant to this subsection shall be deposited and cred-



1       ited as offsetting collections to the account providing  
 2       appropriations to the Commission, except that any  
 3       amounts in excess of the following amounts (and any  
 4       amount collected for fiscal years beginning on or  
 5       after October 1, 2001) shall be deposited and cred-  
 6       ited as general revenues of the Treasury:

7               “(A) \$20,000,000 for fiscal year 1997;

8               “(B) \$26,000,000 for fiscal year 1998;

9               “(C) \$32,000,000 for fiscal year 1999;

10              “(D) \$32,000,000 for fiscal year 2000;

11              “(E) \$32,000,000 for fiscal year 2001; and

12              “(F) \$0 for fiscal year 2002 and any suc-  
 13       ceeding fiscal year.

14              “(4) LAPSE OF APPROPRIATIONS.—If on the  
 15       first day of a fiscal year a regular appropriation to  
 16       the Commission has not been enacted, the Commis-  
 17       sion shall continue to collect fees (as offsetting col-  
 18       lections) under this subsection at the rate in effect  
 19       during the preceding fiscal year, until such a regular  
 20       appropriation is enacted.

21              “(e) DATES FOR PAYMENT OF FEES.—The fees re-  
 22       quired by subsections (b), (c), and (d) of this section shall  
 23       be paid—

24              “(1) on or before March 15, with respect to  
 25       transactions and sales occurring during the period

1 beginning on the preceding September 1 and ending  
2 at the close of the preceding December 31; and

3 “(2) on or before September 30, with respect to  
4 transactions and sales occurring during the period  
5 beginning on the preceding January 1 and ending at  
6 the close of the preceding August 31.

7 “(f) EXEMPTIONS.—The Commission, by rule, may  
8 exempt any sale of securities or any class of sales of secu-  
9 rities from any fee imposed by this section, if the Commis-  
10 sion finds that such exemption is consistent with the pub-  
11 lic interest, the equal regulation of markets and brokers  
12 and dealers, and the development of a national market  
13 system.

14 “(g) PUBLICATION.—The Commission shall publish  
15 in the Federal Register notices of the fee rates applicable  
16 under this section for each fiscal year.”.

17 (b) EFFECTIVE DATES; TRANSITION.—

18 (1) IN GENERAL.—Except as provided in para-  
19 graph (2), the amendment made by subsection (a)  
20 shall apply with respect to transactions in securities  
21 that occur on or after January 1, 1997.

22 (2) OFF-EXCHANGE TRADES OF LAST SALE RE-  
23 PORTED TRANSACTIONS.—The amendment made by  
24 subsection (a) shall apply with respect to trans-  
25 actions described in section 31(d)(1) of the Securi-

1       ties Exchange Act of 1934 (as amended by sub-  
2       section (a) of this section) that occur on or after  
3       September 1, 1996.

4           (3) RULE OF CONSTRUCTION.—Nothing in this  
5       subsection shall be construed to affect the obligation  
6       of national securities exchanges and registered bro-  
7       kers and dealers under section 31 of the Securities  
8       Exchange Act of 1934 (15 U.S.C. 78ee) as in effect  
9       prior to the amendment made by subsection (a) to  
10      make the payments required by such section on  
11      March 15, 1997.

12   **SEC. 6. TIME FOR PAYMENT.**

13       Section 4(e) of the Securities Exchange Act of 1934  
14   (15 U.S.C. 78d(e)) is amended by inserting before the pe-  
15   riod at the end thereof the following: “and the Commission  
16   may also specify the time that such fee shall be determined  
17   and paid relative to the filing of any statement or docu-  
18   ment with the Commission”.

19   **SEC. 7. SENSE OF THE CONGRESS CONCERNING FEES.**

20       It is the sense of the Congress that—

21           (1) the fees authorized by the amendments  
22       made by this Act are in lieu of, and not in addition  
23       to, any fees that the Securities and Exchange Com-  
24       mission is authorized to impose or collect pursuant  
25       to section 9701 of title 31, United States Code; and

1           (2) in order to maintain the competitiveness of  
2       United States securities markets relative to foreign  
3       markets, no fee should be assessed on transactions  
4       involving portfolios of equity securities taking place  
5       at times of day characterized by low volume and  
6       during non-traditional trading hours.

      Passed the House of Representatives March 12,  
1996.

Attest:

*Clerk.*