

Union Calendar No. 231

104TH CONGRESS
2D Session

H. R. 2972

[Report No. 104-479]

A BILL

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

MARCH 12, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1996

Mr. BLILEY (for himself, Mr. ARCHER, Mr. ROGERS, Mr. FIELDS of Texas, Mr. DINGELL, Mr. MARKEY, Mr. OXLEY, and Mr. TAUZIN) introduced the following bill; which was referred to the Committee on Commerce

MARCH 12, 1996

Additional sponsors: Mr. GILLMOR, Mr. KLUG, Mr. FRISA, Mr. HASTERT, and Mr. RUSH

MARCH 12, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on February 27, 1996]

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Securities and Exchange*
 5 *Commission Authorization Act of 1996”.*

6 **SEC. 2. PURPOSES.**

7 *The purposes of this Act are—*

8 *(1) to authorize appropriations for the Securities*
 9 *and Exchange Commission for fiscal year 1997; and*

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

12 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

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

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

16 *“There are authorized to be appropriated to carry out*
 17 *the functions, powers, and duties of the Commission*
 18 *\$317,000,000 for fiscal year 1997.”.*

19 **SEC. 4. REGISTRATION FEES.**

20 *Section 6(b) of the Securities Act of 1933 (15 U.S.C.*
 21 *77f(b)) is amended to read as follows:*

22 *“(b) REGISTRATION FEE.—*

23 *“(1) RECOVERY OF COST OF SERVICES.—The*
 24 *Commission shall, in accordance with this subsection,*
 25 *collect registration fees that are designed to recover*

1 *the costs to the government of the securities registra-*
2 *tion process, and costs related to such process, includ-*
3 *ing enforcement activities, policy and rulemaking ac-*
4 *tivities, administration, legal services, and inter-*
5 *national regulatory activities.*

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

17 “(3) *GENERAL REVENUE FEES.*—*The rate deter-*
18 *mined under this paragraph is a rate equal to \$200*
19 *for each \$1,000,000 of the maximum aggregate price*
20 *at which such securities are proposed to be offered, ex-*
21 *cept that during fiscal year 2002 and any succeeding*
22 *fiscal year such rate is equal to \$182 for each*
23 *\$1,000,000 of the maximum aggregate price at which*
24 *such securities are proposed to be offered. Fees col-*
25 *lected during any fiscal year pursuant to this para-*

graph shall be deposited and credited as general revenues of the Treasury.

“(4) *OFFSETTING COLLECTION FEES.*—

“(A) *IN GENERAL.*—Except as provided in subparagraphs (B) and (C), the rate determined under this paragraph is a rate equal to the following amount for each \$1,000,000 of the maximum aggregate price at which such securities are proposed to be offered:

“(i) \$103 during fiscal year 1997;

“(ii) \$70 during fiscal year 1998;

“(iii) \$38 during fiscal year 1999;

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

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

“(B) *LIMITATION; DEPOSIT.*—Except as provided in subparagraph (C), no amounts shall be collected pursuant to this paragraph (4) for any fiscal year except to the extent provided in advance in appropriations acts. Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as offsetting collections in accordance with appropriations Acts.

1 “(C) *LAPSE OF APPROPRIATIONS.*—If on the
 2 *first day of a fiscal year a regular appropriation*
 3 *to the Commission has not been enacted, the*
 4 *Commission shall continue to collect fees (as off-*
 5 *setting collections) under this paragraph at the*
 6 *rate in effect during the preceding fiscal year,*
 7 *until such a regular appropriation is enacted.”.*

8 **SEC. 5. TRANSACTION FEES.**

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

12 **“SEC. 31. TRANSACTION FEES.**

13 “(a) *RECOVERY OF COST OF SERVICES.*—The Commis-
 14 *sion shall, in accordance with this subsection, collect trans-*
 15 *action fees that are designed to recover the costs to the Gov-*
 16 *ernment of the supervision and regulation of securities mar-*
 17 *kets and securities professionals, and costs related to such*
 18 *supervision and regulation, including enforcement activi-*
 19 *ties, policy and rulemaking activities, administration, legal*
 20 *services, and international regulatory activities.*

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

1 *on such national securities exchange, except that for fiscal*
 2 *year 2002 or any succeeding fiscal year such rate shall be*
 3 *equal to \$25 for each \$1,000,000 of such aggregate dollar*
 4 *amount of sales. Fees collected pursuant to this subsection*
 5 *shall be deposited and collected as general revenue of the*
 6 *Treasury.*

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

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

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

gate dollar amount of sales transacted by or through any member of such association otherwise than on a national securities exchange of securities (other than bonds, debentures, and other evidences of indebtedness) subject to prompt last sale reporting pursuant to the rules of the Commission or a registered national securities association, excluding any sales for which a fee is paid under subsection (c).

“(2) *FEE RATES.*—Except as provided in paragraph (4), the dollar amount determined under this paragraph is—

“(A) \$12 for fiscal year 1997;

“(B) \$14 for fiscal year 1998;

“(C) \$17 for fiscal year 1999;

“(D) \$18 for fiscal year 2000;

“(E) \$20 for fiscal year 2001; and

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

“(3) *LIMITATION; DEPOSIT OF FEES.*—Except as provided in paragraph (4), no amounts shall be collected pursuant to this subsection (d) for any fiscal year beginning before October 1, 2001, except to the extent provided in advance in appropriations Acts. Fees collected during any such fiscal year pursuant to this subsection shall be deposited and credited as off-

1 *setting collections to the account providing appropria-*
 2 *tions to the Commission, except that any amounts in*
 3 *excess of the following amounts (and any amount col-*
 4 *lected for fiscal years beginning on or after October*
 5 *1, 2001) shall be deposited and credited as general*
 6 *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 first*
 15 *day of a fiscal year a regular appropriation to the*
 16 *Commission has not been enacted, the Commission*
 17 *shall continue to collect fees (as offsetting collections)*
 18 *under this subsection at the rate in effect during the*
 19 *preceding fiscal year, until such a regular appropria-*
 20 *tion 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 be-*

1 *ginning on the preceding September 1 and ending at*
 2 *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 be-*
 5 *ginning on the preceding January 1 and ending at*
 6 *the close of the preceding August 31.*

7 *“(f) EXEMPTIONS.—The Commission, by rule, may ex-*
 8 *empt any sale of securities or any class of sales of securities*
 9 *from any fee imposed by this section, if the Commission*
 10 *finds that such exemption is consistent with the public in-*
 11 *terest, the equal regulation of markets and brokers and deal-*
 12 *ers, and the development of a national market system.*

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

16 *(b) EFFECTIVE DATES; TRANSITION.—*

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

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

1 *change Act of 1934 (as amended by subsection (a) of*
2 *this section) that occur on or after September 1, 1996.*

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

11 **SEC. 6. TIME FOR PAYMENT.**

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

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

19 *It is the sense of the Congress that—*

20 (1) *the fees authorized by the amendments made*
21 *by this Act are in lieu of, and not in addition to, any*
22 *fees that the Securities and Exchange Commission is*
23 *authorized to impose or collect pursuant to section*
24 *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 in-*
4 *volving portfolios of equity securities taking place at*
5 *times of day characterized by low volume and during*
6 *non-traditional trading hours.*