

106TH CONGRESS
1ST SESSION

H. R. 1400

AN ACT

To amend the Securities Exchange Act of 1934 to improve collection and dissemination of information concerning bond prices and to improve price competition in bond markets, and for other purposes.

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To amend the Securities Exchange Act of 1934 to improve collection and dissemination of information concerning bond prices and to improve price competition in bond markets, 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 “Bond Price Competi-
3 tion Improvement Act of 1999”.

4 **SEC. 2. EXTENSION OF TRANSACTION REPORTING TO DEBT**
5 **SECURITIES.**

6 (a) AMENDMENT.—Subsection (d) of section 11A of
7 the Securities Exchange Act of 1934 (15 U.S.C. 78k–
8 1(d)) is amended to read as follows:

9 “(d) MINIMUM REQUIREMENTS FOR TRANSACTION
10 INFORMATION ON DEBT SECURITIES.—

11 “(1) ACTION REQUIRED.—The Commission
12 shall adopt such rules and take such other actions
13 under this section as may be necessary or appro-
14 priate, having due regard for the public interest, the
15 protection of investors, and the maintenance of fair
16 and orderly markets to assure the prompt, accurate,
17 reliable, and fair collection, processing, distribution,
18 and publication of transaction information, including
19 last sale data, with respect to covered debt securities
20 so that such information is available to all exchange
21 members, brokers, dealers, securities information
22 processors, and all other persons. In determining the
23 rules or other actions to take under this subsection,
24 the Commission shall take into consideration, among
25 other factors, private sector systems for the collec-

1 tion and distribution of transaction information on
2 corporate debt securities.

3 “(2) EFFECT ON OTHER AUTHORITY.—Nothing
4 in this subsection limits or otherwise alters the Com-
5 mission’s authority under the other provisions of this
6 section or any other provision of this title.

7 “(3) DEFINITIONS.—For purposes of this sub-
8 section:

9 “(A) COVERED DEBT SECURITIES.—The
10 term ‘covered debt securities’ means bonds, de-
11 bentures, or other debt instruments of an
12 issuer, other than—

13 “(i) exempted securities; and

14 “(ii) securities that the Commission
15 determines by rule to except from the re-
16 quirements of this subsection.

17 “(B) TRANSACTION INFORMATION.—The
18 term ‘transaction information’ means informa-
19 tion concerning such price, volume, and yield
20 information associated with a transaction in-
21 volving the purchase or sale of a covered debt
22 security as may be prescribed by the Commis-
23 sion by rule for purposes of this subsection.

24 “(C) FACTORS IN DEFINITIONAL RULES.—

25 In prescribing rules pursuant to this paragraph,

1 the Commission shall take into consideration
2 the extent to which a security is actively traded,
3 market liquidity, competition, the protection of
4 investors and the public interest, and other rel-
5 evant factors.”.

6 (b) CONFORMING AMENDMENT.—Section
7 11A(a)(3)(A) of such Act is amended by striking “(which
8 shall be in addition to the National Market Advisory
9 Board established pursuant to subsection (d) of this sec-
10 tion)”.

11 (c) DEADLINE FOR ACTION.—The Securities and Ex-
12 change Commission shall take action to implement the re-
13 quirements of section 11A(d) of the Securities Exchange
14 Act of 1934 (15 U.S.C. 78k–1(d)), as amended by sub-
15 section (a) of this section, within 12 months after the date
16 of enactment of this Act.

17 **SEC. 3. EXCHANGE LISTING OF DEBT SECURITIES.**

18 Section 12(a) of the Securities Exchange Act of 1934
19 (15 U.S.C. 78l(a)) is amended by striking the period at
20 the end thereof and inserting the following: “, except that
21 a registration is not required to be effective for trading
22 on an exchange of a class of debt securities of an issuer
23 that has another class of securities for which a registration
24 is effective for such exchange. Such a class of debt securi-
25 ties shall, for purposes of any provision of this title or the

1 rules or regulations thereunder, be treated as a class of
2 securities registered under this section upon approval of
3 the listing of such class of debt securities by the ex-
4 change.”.

5 **SEC. 4. TECHNICAL AMENDMENT.**

6 Section 3(a)(12)(B) of the Securities Exchange Act
7 of 1934 (15 U.S.C. 78c(a)(12)(B)) is amended by adding
8 at the end the following new clause:

9 “(iii) Notwithstanding subparagraph (A)(i) of
10 this paragraph, securities, other than equity securi-
11 ties, that are described in subparagraphs (B) and
12 (C) of paragraph (42) of this subsection shall not be
13 deemed to be exempted securities for purposes of
14 section 11A of this title.”.

15 **SEC. 5. STUDIES.**

16 (a) **STUDIES REQUIRED.**—The Comptroller General
17 shall conduct a study of measures needed in the public
18 interest and for the protection of investors to improve the
19 prompt, accurate, reliable, and fair collection, processing,
20 distribution, and publication of information concerning
21 transactions—

22 (1) in debt securities as to which transaction in-
23 formation is collected but not disseminated pursuant
24 to section 11A(d) of the Securities Exchange Act of

1 1934, as amended by this Act (15 U.S.C. 78k-1(d));
2 and

3 (2) in municipal securities (as such term is de-
4 fined in section 3(a)(29) of such Act (15 U.S.C.
5 78c(a)(29)).

6 (b) COMMISSION AND MSRB PARTICIPATION.—The
7 Comptroller General shall conduct the study required by
8 subsection (a)(1) in consultation with the Securities and
9 Exchange Commission, and the study required by sub-
10 section (a)(2) in consultation with the Securities and Ex-
11 change Commission and the Municipal Securities Rule-
12 making Board.

13 (c) SUBMISSION OF REPORTS.—The Comptroller
14 General shall submit to the Congress a report on the stud-
15 ies required by subsection (a) within one year after the
16 date of enactment of this Act. Such reports shall include
17 an identification of the measures needed to improve the
18 prompt, accurate, reliable, and fair collection, processing,
19 distribution, and publication of information concerning
20 transactions in the debt securities and municipal securities

- 1 described in such subsection, including measures requiring
- 2 legislative or regulatory action.

Passed the House of Representatives June 14, 1999.

Attest:

Clerk.