

## Union Calendar No. 84

106<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1400

[Report No. 106-149]

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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### IN THE HOUSE OF REPRESENTATIVES

APRIL 14 , 1999

Mr. BILEY (for himself, Mr. OXLEY, Mr. DINGELL, Mr. TAUZIN, Mr. TOWNS, Mr. GILLMOR, Mr. MARKEY, Mr. GREENWOOD, Mr. HALL of Texas, Mr. COX, Mr. PALLONE, Mr. LARGENT, Mr. DEUTSCH, Mr. BILBRAY, Mr. STUPAK, Mr. GANSKE, Mr. ENGEL, Mr. LAZIO, Ms. DEGETTE, Mr. SHIMKUS, Mr. BARRETT of Wisconsin, Mrs. WILSON, Mr. LUTHER, Mr. SHADEGG, Mrs. CAPPS, Mr. FOSSELLA, Mr. BLUNT, and Mr. EHRLICH) introduced the following bill; which was referred to the Committee on Commerce

MAY 18, 1999

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

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## A BILL

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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Bond Price Competi-  
5       tion Improvement Act of 1999”.

6       **SEC. 2. EXTENSION OF TRANSACTION REPORTING TO DEBT**  
7               **SECURITIES.**

8       (a) AMENDMENT.—Subsection (d) of section 11A of  
9       the Securities Exchange Act of 1934 (15 U.S.C. 78k–  
10      1(d)) is amended to read as follows:

11       “(d) MINIMUM REQUIREMENTS FOR TRANSACTION  
12      INFORMATION ON DEBT SECURITIES.—

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

1 the Commission shall take into consideration, among  
2 other factors, private sector systems for the collec-  
3 tion and distribution of transaction information on  
4 corporate debt securities.

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

9 “(3) DEFINITIONS.—For purposes of this sub-  
10 section:

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

15 “(i) exempted securities; and

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

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

1 “(C) FACTORS IN DEFINITIONAL RULES.—

2 In prescribing rules pursuant to this paragraph,  
3 the Commission shall take into consideration  
4 the extent to which a security is actively traded,  
5 market liquidity, competition, the protection of  
6 investors and the public interest, and other rel-  
7 evant factors.”.

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

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

19 **SEC. 3. TECHNICAL AMENDMENT.**

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

23 “(ii) Notwithstanding subparagraph (A)(i) of  
24 this paragraph, securities described in subpara-  
25 graphs (B) and (C) of paragraph (42) of this sub-

1 section shall not be deemed to be exempted securi-  
2 ties for purposes of section 11A of this title.”.

3 **SEC. 4. STUDIES.**

4 (a) **STUDIES REQUIRED.**—The Comptroller General  
5 shall conduct a study of measures needed in the public  
6 interest and for the protection of investors to improve the  
7 prompt, accurate, reliable, and fair collection, processing,  
8 distribution, and publication of information concerning  
9 transactions—

10 (1) in debt securities as to which transaction in-  
11 formation is collected but not disseminated pursuant  
12 to section 11A(d) of the Securities Exchange Act of  
13 1934, as amended by this Act (15 U.S.C. 78k–1(d));  
14 and

15 (2) in municipal securities (as such term is de-  
16 fined in section 3(a)(29) of such Act (15 U.S.C.  
17 78c(a)(29)).

18 (b) **COMMISSION AND MSRB PARTICIPATION.**—The  
19 Comptroller General shall conduct the study required by  
20 subsection (a)(1) in consultation with the Securities and  
21 Exchange Commission, and the study required by sub-  
22 section (a)(2) in consultation with the Securities and Ex-  
23 change Commission and the Municipal Securities Rule-  
24 making Board.

1       (c) SUBMISSION OF REPORTS.—The Comptroller  
2 General shall submit to the Congress a report on the stud-  
3 ies required by subsection (a) within one year after the  
4 date of enactment of this Act. Such reports shall include  
5 an identification of the measures needed to improve the  
6 prompt, accurate, reliable, and fair collection, processing,  
7 distribution, and publication of information concerning  
8 transactions in the debt securities and municipal securities  
9 described in such subsection, including measures requiring  
10 legislative or regulatory action.



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