

Union Calendar No. 42

107TH CONGRESS
1ST SESSION

H. R. 1088

[Report No. 107-52 Part I]

To amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2001

Mr. FOSSELLA (for himself, Mr. OXLEY, Mr. BAKER, Mrs. KELLY, Mrs. MALONEY of New York, Mr. MENENDEZ, Mr. REYNOLDS, Mr. ROYCE, Mr. KING, Mr. OSE, Mrs. ROUKEMA, Mr. FOLEY, Mr. TOOMEY, Mr. GILLMOR, Mr. GARY MILLER of California, Mr. ROGERS of Michigan, Mr. SHADEGG, Mr. GRUCCI, Mr. WELDON of Florida, Mr. SHAYS, Mr. MANZULLO, Mr. ACKERMAN, Mr. CROWLEY, Mr. FORD, Mr. MOORE, Mr. BLAGOJEVICH, Mr. ISRAEL, Mr. BENTSEN, Mr. BACHUS, Ms. HART, Mr. JONES of North Carolina, Mr. NEY, Mr. SWEENEY, Mr. ROSS, Ms. VELÁZQUEZ, and Mr. ENGEL) introduced the following bill; which was referred to the Committee on Financial Services

MAY 1, 2001

Reported with an amendment and referred to the Committee on Government Reform for a period ending not later than May 2, 2001, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(h), rule X

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

MAY 12, 2001

Referral to the Committee on Government Reform extended for a period ending not later than May 8, 2001

MAY 8, 2001

Referral to the Committee on Government Reform extended for a period ending not later than May 9, 2001

MAY 9, 2001

Referral to the Committee on Government Reform extended for a period ending not later than May 10, 2001

MAY 10, 2001

Referral to the Committee on Government Reform extended for a period ending not later than May 18, 2001

MAY 18, 2001

Referral to the Committee on Government Reform extended for a period ending not later than May 25, 2001

MAY 25, 2001

Additional sponsors: Mr. RYUN of Kansas, Mr. FERGUSON, Mr. SHERMAN, Mr. GONZALEZ, Mr. MALONEY of Connecticut, Mr. GREEN of Wisconsin, Mr. FRELINGHUYSEN, Mr. MATSUI, Mr. LATOURETTE, and Mr. OTTER

MAY 25, 2001

The Committee on Government Reform discharged; referred to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on March 19, 2001]

A BILL

To amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, 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 “Investor and Capital*
5 *Markets Fee Relief Act”.*

6 **SEC. 2. IMMEDIATE TRANSACTION FEE REDUCTIONS.**

7 *Section 31 of the Securities Exchange Act of 1934 (15*
8 *U.S.C. 78ee) is amended—*

1 (1) by striking “ $\frac{1}{300}$ of one percent” each place
2 it appears in subsections (b) and (d) and inserting
3 “\$12 per \$1,000,000”;

4 (2) in the first sentence of subsection (b), by
5 striking “, except that” and all that follows through
6 the end of such sentence and inserting a period;

7 (3) in paragraph (1) of subsection (d), by strik-
8 ing “, except that” and all that follows through the
9 end of such paragraph and inserting a period;

10 (4) in subsection (e), by striking “\$0.02” and in-
11 serting “\$0.0072”; and

12 (5) by adding at the end the following new sub-
13 section:

14 “(i) *PRO RATA APPLICATION.*—The rates per
15 \$1,000,000 required by this section shall be applied pro rata
16 to amounts and balances equal to less than \$1,000,000.”.

17 **SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PRO-**
18 **VISIONS; ADDITIONAL FEE REDUCTIONS.**

19 (a) *POOLING AND ALLOCATION OF COLLECTIONS.*—
20 Section 31 of the Securities Exchange Act of 1934 (15
21 U.S.C. 78ee) is further amended—

22 (1) in subsection (b)—

23 (A) by striking “Every” and inserting
24 “Subject to subsection (j), each”; and

25 (B) by striking the last sentence;

1 (2) *by striking subsection (c);*

2 (3) *in subsection (d)—*

3 (A) *by striking paragraphs (2) and (3);*

4 (B) *by striking the following:*

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

7 “(1) *COVERED TRANSACTIONS.—Each national*
8 *securities”*

9 *and inserting the following:*

10 “(c) *OFF-EXCHANGE TRADES OF EXCHANGE REG-*
11 *ISTERED AND LAST-SALE-REPORTED SECURITIES.—Sub-*
12 *ject to subsection (j), each national securities”;*

13 (C) *by inserting “registered on a national*
14 *securities exchange or” after “security futures*
15 *products”;* and

16 (D) *by striking “, excluding any sales for*
17 *which a fee is paid under subsection (c)”;*

18 (4) *in subsection (e), by striking “except that for*
19 *fiscal year 2007” and all that follows through the end*
20 *of such subsection and inserting the following: “except*
21 *that for fiscal year 2007 and each succeeding fiscal*
22 *year such assessment shall be equal to \$0.0042 for*
23 *each such transaction.”;*

24 (5) *in subsection (f), by striking “DATES FOR*
25 *PAYMENT OF FEES.—The fees required” and inserting*

1 “*DATES FOR PAYMENTS.—The fees and assessments*
2 *required*”;

3 (6) *by redesignating subsections (e) through (i)*
4 *(as added by section 2(5)) as subsections (d) through*
5 *(h), respectively;*

6 (7) *by adding at the end the following new sub-*
7 *section:*

8 “*(i) DEPOSIT OF FEES.—*

9 “*(1) OFFSETTING COLLECTIONS.—Fees collected*
10 *pursuant to subsections (b), (c), and (d) for any fiscal*
11 *year—*

12 “*(A) shall be deposited and credited as off-*
13 *setting collections to the account providing ap-*
14 *propriations to the Commission; and*

15 “*(B) except as provided in subsection (k),*
16 *shall not be collected for any fiscal year except*
17 *to the extent provided in advance in appropria-*
18 *tion Acts.*

19 “*(2) GENERAL REVENUES PROHIBITED.—No fees*
20 *collected pursuant to subsections (b), (c), and (d) for*
21 *fiscal year 2002 or any succeeding fiscal year shall be*
22 *deposited and credited as general revenue of the*
23 *Treasury.*”.

24 “*(b) ADDITIONAL REDUCTIONS OF FEES.—*

1 (1) *AMENDMENT.—Section 31 of the Securities*
2 *Exchange Act of 1934 (15 U.S.C. 78ee) is further*
3 *amended by adding after subsection (i) (as added by*
4 *subsection (a)(7)) the following new subsections:*

5 “(j) *RECAPTURE OF PROJECTION WINDFALLS FOR*
6 *FURTHER RATE REDUCTIONS.—*

7 “(1) *ANNUAL ADJUSTMENT.—For each of the fis-*
8 *cal years 2003 through 2011, the Commission shall by*
9 *order adjust each of the rates applicable under sub-*
10 *sections (b) and (c) for such fiscal year to a uniform*
11 *adjusted rate that, when applied to the baseline esti-*
12 *mate of the aggregate dollar amount of sales for such*
13 *fiscal year, is reasonably likely to produce aggregate*
14 *fee collections under this section (including assess-*
15 *ments collected under subsection (d)) that are equal to*
16 *the target offsetting collection amount for such fiscal*
17 *year.*

18 “(2) *FINAL RATE ADJUSTMENT.—For fiscal year*
19 *2012 and all of the succeeding fiscal years, the Com-*
20 *mission shall by order adjust each of the rates appli-*
21 *cable under subsections (b) and (c) for all of such fis-*
22 *cal years to a uniform adjusted rate that, when ap-*
23 *plied to the baseline estimate of the aggregate dollar*
24 *amount of sales for fiscal year 2012, is reasonably*
25 *likely to produce aggregate fee collections under this*

1 *section in fiscal year 2012 (including assessments col-*
2 *lected under subsection (d)) equal to the target offset-*
3 *ting collection amount for fiscal year 2011.*

4 *“(3) REVIEW AND EFFECTIVE DATE.—An ad-*
5 *justed rate prescribed under paragraph (1) or (2) and*
6 *published under subsection (g) shall not be subject to*
7 *judicial review. Subject to subsections (i)(1)(B) and*
8 *(k)—*

9 *“(A) an adjusted rate prescribed under*
10 *paragraph (1) shall take effect on the later of—*

11 *“(i) the first day of the fiscal year to*
12 *which such rate applies; or*

13 *“(ii) 30 days after the date on which*
14 *a regular appropriation to the Commission*
15 *for such fiscal year is enacted; and*

16 *“(B) an adjusted rate prescribed under*
17 *paragraph (2) shall take effect on the later of—*

18 *“(i) the first day of fiscal year 2012;*
19 *or*

20 *“(ii) 30 days after the date on which*
21 *a regular appropriation to the Commission*
22 *for fiscal year 2012 is enacted.*

23 *“(k) LAPSE OF APPROPRIATION.—If on the first day*
24 *of a fiscal year a regular appropriation to the Commission*
25 *has not been enacted, the Commission shall continue to col-*

1 lect (as offsetting collections) the fees and assessments under
 2 subsections (b), (c), and (d) at the rate in effect during the
 3 preceding fiscal year, until 30 days after the date such a
 4 regular appropriation is enacted.

5 “(l) *DEFINITIONS.*—For purposes of this section:

6 “(1) *TARGET OFFSETTING COLLECTION*
 7 *AMOUNT.*—The target offsetting collection amount for
 8 each of the fiscal years 2002 through 2011 is deter-
 9 mined according to the following table:

“Fiscal year:	Target offsetting collection amount
2002	\$585,720,000
2003	\$679,320,000
2004	\$822,240,000
2005	\$976,320,000
2006	\$1,148,040,000
2007	\$880,880,000
2008	\$892,080,000
2009	\$1,023,120,000
2010	\$1,161,440,000
2011	\$1,321,040,000

10 “(2) *BASELINE ESTIMATE OF THE AGGREGATE*
 11 *DOLLAR AMOUNT OF SALES.*—The baseline estimate of
 12 the aggregate dollar amount of sales for any fiscal
 13 year is the baseline estimate of the aggregate dollar
 14 amount of sales of securities (other than bonds, deben-
 15 tures, other evidences of indebtedness, and security fu-
 16 tures products) to be transacted on each national se-
 17 curities exchange and by or through any member of
 18 each national securities association (otherwise than
 19 on a national securities exchange) during such fiscal
 20 year as determined by the Commission, after con-

1 *sultation with the Congressional Budget Office and*
2 *the Office of Management and Budget, using the*
3 *methodology required for making projections pursuant*
4 *to section 257 of the Balanced Budget and Emergency*
5 *Deficit Control Act of 1985.”.*

6 (2) *CONFORMING AMENDMENT.—Section 31(g) of*
7 *such Act (as redesignated by subsection (a)(6) of this*
8 *section) is amended by inserting before the period at*
9 *the end the following: “not later than April 30 of the*
10 *fiscal year preceding the fiscal year to which such*
11 *rate applies, together with any estimates or projec-*
12 *tions on which such fees are based”.*

13 **SEC. 4. REDUCTION OF REGISTRATION FEES.**

14 *Section 6(b) of the Securities Act of 1933 (15 U.S.C.*
15 *77f(b)) is amended by striking paragraphs (2) through (5)*
16 *and inserting the following:*

17 (2) *FEE PAYMENT REQUIRED.—At the time of*
18 *filing a registration statement, the applicant shall*
19 *pay to the Commission a fee at a rate that shall be*
20 *equal to \$125 per \$1,000,000 of the maximum aggre-*
21 *gate price at which such securities are proposed to be*
22 *offered, except that during fiscal year 2003 and any*
23 *succeeding fiscal year such fee shall be adjusted pur-*
24 *suant to paragraph (5) or (6).*

1 “(3) *OFFSETTING COLLECTIONS.*—*Fees collected*
2 *pursuant to this subsection for any fiscal year—*

3 “(A) *shall be deposited and credited as off-*
4 *setting collections to the account providing ap-*
5 *propriations to the Commission; and*

6 “(B) *except as provided in paragraph (9),*
7 *shall not be collected for any fiscal year except*
8 *to the extent provided in advance in appropria-*
9 *tion Acts.*

10 “(4) *GENERAL REVENUES PROHIBITED.*—*No fees*
11 *collected pursuant to this subsection for fiscal year*
12 *2002 or any succeeding fiscal year shall be deposited*
13 *and credited as general revenue of the Treasury.*

14 “(5) *ANNUAL ADJUSTMENT.*—*For each of the fis-*
15 *cal years 2003 through 2011, the Commission shall by*
16 *order adjust the rate required by paragraph (2) for*
17 *such fiscal year to a rate that, when applied to the*
18 *baseline estimate of the aggregate maximum offering*
19 *prices for such fiscal year, is reasonably likely to*
20 *produce aggregate fee collections under this subsection*
21 *that are equal to the target offsetting collection*
22 *amount for such fiscal year.*

23 “(6) *FINAL RATE ADJUSTMENT.*—*For fiscal year*
24 *2012 and all of the succeeding fiscal years, the Com-*
25 *mission shall by order adjust the rate required by*

1 paragraph (2) for all of such fiscal years to a rate
2 that, when applied to the baseline estimate of the ag-
3 gregate maximum offering prices for fiscal year 2012,
4 is reasonably likely to produce aggregate fee collec-
5 tions under this subsection in fiscal year 2012 equal
6 to the target offsetting collection amount for fiscal
7 year 2011.

8 “(7) *PRO RATA APPLICATION.*—The rates per
9 \$1,000,000 required by this subsection shall be ap-
10 plied pro rata to amounts and balances equal to less
11 than \$1,000,000.

12 “(8) *REVIEW AND EFFECTIVE DATE.*—An ad-
13 justed rate prescribed under paragraph (5) or (6) and
14 published under paragraph (10) shall not be subject
15 to judicial review. Subject to paragraphs (3)(B) and
16 (9)—

17 “(A) an adjusted rate prescribed under
18 paragraph (5) shall take effect on the later of—

19 “(i) the first day of the fiscal year to
20 which such rate applies; or

21 “(ii) 5 days after the date on which a
22 regular appropriation to the Commission
23 for such fiscal year is enacted; and

24 “(B) an adjusted rate prescribed under
25 paragraph (6) shall take effect on the later of—

1 “(i) the first day of fiscal year 2012;

2 or

3 “(ii) 5 days after the date on which a
4 regular appropriation to the Commission
5 for fiscal year 2012 is enacted.

6 “(9) *LAPSE OF APPROPRIATION.*—If on the first
7 day of a fiscal year a regular appropriation to the
8 Commission has not been enacted, the Commission
9 shall continue to collect fees (as offsetting collections)
10 under this subsection at the rate in effect during the
11 preceding fiscal year, until 5 days after the date such
12 a regular appropriation is enacted.

13 “(10) *PUBLICATION.*—The Commission shall
14 publish in the Federal Register notices of the rate ap-
15 plicable under this subsection and under sections
16 13(e) and 14(g) for each fiscal year not later than
17 April 30 of the fiscal year preceding the fiscal year
18 to which such rate applies, together with any esti-
19 mates or projections on which such rate is based.

20 “(11) *DEFINITIONS.*—For purposes of this sub-
21 section:

22 “(A) *TARGET OFFSETTING COLLECTION*
23 *AMOUNT.*—The target offsetting collection
24 amount for each of the fiscal years 2002 through

1 2011 is determined according to the following
 2 table:

“Fiscal year:	Target offsetting collection amount
2002	\$512,500,000
2003	\$589,380,000
2004	\$650,385,000
2005	\$790,075,000
2006	\$949,050,000
2007	\$214,200,000
2008	\$233,700,000
2009	\$284,115,000
2010	\$333,840,000
2011	\$394,110,000

3 “(B) *BASELINE ESTIMATE OF THE AGGREGATE*
 4 *MAXIMUM OFFERING PRICES.*—*The baseline*
 5 *estimate of the aggregate maximum offering*
 6 *prices for any fiscal year is the baseline estimate*
 7 *of the aggregate maximum offering price at*
 8 *which securities are proposed to be offered pursu-*
 9 *ant to registration statements filed with the*
 10 *Commission during such fiscal year as deter-*
 11 *mined by the Commission, after consultation*
 12 *with the Congressional Budget Office and the Of-*
 13 *fice of Management and Budget, using the meth-*
 14 *odology required for projections pursuant to sec-*
 15 *tion 257 of the Balanced Budget and Emergency*
 16 *Deficit Control Act of 1985.”.*

17 **SEC. 5. FEES FOR STOCK REPURCHASE STATEMENTS.**

18 Section 13(e) of the Securities Exchange Act of 1934
 19 (15 U.S.C. 78m(e)) is amended

1 (1) *in paragraph (3), by striking “a fee of 1/50*
2 *of 1 per centum of the value of securities proposed to*
3 *be purchased” and inserting “a fee at a rate that,*
4 *subject to paragraphs (5) and (6), is equal to \$125*
5 *per \$1,000,000 of the value of securities proposed to*
6 *be purchased”;*

7 (2) *by inserting after paragraph (3) the fol-*
8 *lowing new paragraphs:*

9 “(4) *OFFSETTING COLLECTIONS.—Fees collected*
10 *pursuant to this subsection for any fiscal year shall*
11 *be deposited and credited as offsetting collections to*
12 *the account providing appropriations to the Commis-*
13 *sion, and, except as provided in paragraph (9), shall*
14 *not be collected for any fiscal year except to the extent*
15 *provided in advance in appropriation Acts. No fees*
16 *collected pursuant to this subsection for fiscal year*
17 *2002 or any succeeding fiscal year shall be deposited*
18 *and credited as general revenue of the Treasury.*

19 “(5) *ANNUAL ADJUSTMENT.—For each of the fis-*
20 *cal years 2003 through 2011, the Commission shall by*
21 *order adjust the rate required by paragraph (3) for*
22 *such fiscal year to a rate that is equal to the rate (ex-*
23 *pressed in dollars per million) that is applicable*
24 *under section 6(b) of the Securities Act of 1933 for*
25 *such fiscal year.*

1 “(6) *FINAL RATE ADJUSTMENT.*—For fiscal year
2 2012 and all of the succeeding fiscal years, the Com-
3 mission shall by order adjust the rate required by
4 paragraph (3) for all of such fiscal years to a rate
5 that is equal to the rate (expressed in dollars per mil-
6 lion) that is applicable under section 6(b) of the Secu-
7 rities Act of 1933 for all of such fiscal years.

8 “(7) *PRO RATA APPLICATION.*—The rates per
9 \$1,000,000 required by this subsection shall be ap-
10 plied pro rata to amounts and balances equal to less
11 than \$1,000,000.

12 “(8) *REVIEW AND EFFECTIVE DATE.*—An ad-
13 justed rate prescribed under paragraph (5) or (6) and
14 published under paragraph (10) shall not be subject
15 to judicial review. Subject to paragraphs (4) and
16 (9)—

17 “(A) an adjusted rate prescribed under
18 paragraph (5) shall take effect on the later of—

19 “(i) the first day of the fiscal year to
20 which such rate applies; or

21 “(ii) 5 days after the date on which a
22 regular appropriation to the Commission
23 for such fiscal year is enacted; and

24 “(B) an adjusted rate prescribed under
25 paragraph (6) shall take effect on the later of—

1 “(i) the first day of fiscal year 2012;

2 or

3 “(ii) 5 days after the date on which a
4 regular appropriation to the Commission
5 for fiscal year 2012 is enacted.

6 “(9) *LAPSE OF APPROPRIATION.*—If on the first
7 day of a fiscal year a regular appropriation to the
8 Commission has not been enacted, the Commission
9 shall continue to collect fees (as offsetting collections)
10 under this subsection at the rate in effect during the
11 preceding fiscal year, until 5 days after the date such
12 a regular appropriation is enacted.

13 “(10) *PUBLICATION.*—The rate applicable under
14 this subsection for each fiscal year is published pursu-
15 ant to section 6(b)(10) of the Securities Act of 1933.”.

16 **SEC. 6. FEES FOR PROXY SOLICITATIONS AND STATEMENTS**
17 **IN CORPORATE CONTROL TRANSACTIONS.**

18 Section 14(g) of the Securities Exchange Act of 1934
19 (15 U.S.C. 78m(e)(3)) is amended—

20 (1) in paragraphs (1) and (3), by striking “a fee
21 of $\frac{1}{50}$ of 1 per centum of” each place it appears and
22 inserting “a fee at a rate that, subject to paragraphs
23 (5) and (6), is equal to \$125 per \$1,000,000 of”;

24 (2) by redesignating paragraph (4) as para-
25 graph (11); and

1 (3) by inserting after paragraph (3) the fol-
2 lowing new paragraphs:

3 “(4) *OFFSETTING COLLECTIONS.*—*Fees collected*
4 *pursuant to this subsection for any fiscal year shall*
5 *be deposited and credited as offsetting collections to*
6 *the account providing appropriations to the Commis-*
7 *sion, and, except as provided in paragraph (9), shall*
8 *not be collected for any fiscal year except to the extent*
9 *provided in advance in appropriation Acts. No fees*
10 *collected pursuant to this subsection for fiscal year*
11 *2002 or any succeeding fiscal year shall be deposited*
12 *and credited as general revenue of the Treasury.*

13 “(5) *ANNUAL ADJUSTMENT.*—*For each of the fis-*
14 *cal years 2003 through 2011, the Commission shall by*
15 *order adjust each of the rates required by paragraphs*
16 *(1) and (3) for such fiscal year to a rate that is equal*
17 *to the rate (expressed in dollars per million) that is*
18 *applicable under section 6(b) of the Securities Act of*
19 *1933 for such fiscal year.*

20 “(6) *FINAL RATE ADJUSTMENT.*—*For fiscal year*
21 *2012 and all of the succeeding fiscal years, the Com-*
22 *mission shall by order adjust each of the rates re-*
23 *quired by paragraphs (1) and (3) for all of such fiscal*
24 *years to a rate that is equal to the rate (expressed in*
25 *dollars per million) that is applicable under section*

1 6(b) of the Securities Act of 1933 for all of such fiscal
2 years.

3 “(7) *PRO RATA APPLICATION.*—The rates per
4 \$1,000,000 required by this subsection shall be ap-
5 plied pro rata to amounts and balances equal to less
6 than \$1,000,000.

7 “(8) *REVIEW AND EFFECTIVE DATE.*—An ad-
8 justed rate prescribed under paragraph (5) or (6) and
9 published under paragraph (10) shall not be subject
10 to judicial review. Subject to paragraphs (4) and
11 (9)—

12 “(A) an adjusted rate prescribed under
13 paragraph (5) shall take effect on the later of—

14 “(i) the first day of the fiscal year to
15 which such rate applies; or

16 “(ii) 5 days after the date on which a
17 regular appropriation to the Commission
18 for such fiscal year is enacted; and

19 “(B) an adjusted rate prescribed under
20 paragraph (6) shall take effect on the later of—

21 “(i) the first day of fiscal year 2012;

22 or

23 “(ii) 5 days after the date on which a
24 regular appropriation to the Commission
25 for fiscal year 2012 is enacted.

1 “(9) *LAPSE OF APPROPRIATION.*—*If on the first*
 2 *day of a fiscal year a regular appropriation to the*
 3 *Commission has not been enacted, the Commission*
 4 *shall continue to collect fees (as offsetting collections)*
 5 *under this subsection at the rate in effect during the*
 6 *preceding fiscal year, until 5 days after the date such*
 7 *a regular appropriation is enacted.*

8 “(10) *PUBLICATION.*—*The rate applicable under*
 9 *this subsection for each fiscal year is published pursu-*
 10 *ant to section 6(b)(10) of the Securities Act of 1933.”.*

11 **SEC. 7. TRUST INDENTURE ACT FEE.**

12 *Section 307(b) of the Trust Indenture Act of 1939 (15*
 13 *U.S.C. 77ggg(b)) is amended by striking “Commission, but,*
 14 *in the case” and all that follows and inserting “Commis-*
 15 *sion.”.*

16 **SEC. 8. PAY PARITY PROVISIONS.**

17 (a) *SECURITIES AND EXCHANGE COMMISSION EM-*
 18 *PLOYEES.*—*Section 4(b) of the Securities Exchange Act of*
 19 *1934 (15 U.S.C. 78d(b)) is amended—*

20 *(1) by striking paragraphs (1) and (2) and by*
 21 *inserting the following:*

22 “(1) *APPOINTMENT, COMPENSATION, AND BENE-*
 23 *FITS.*—

24 “(A) *IN GENERAL.*—*The Commission may*
 25 *appoint and fix the compensation of such offi-*

1 *cers, attorneys, economists, examiners, and other*
2 *employees as may be necessary for carrying out*
3 *its functions under this Act.*

4 “(B) *RATES OF PAY.*—*Rates of basic pay*
5 *for all employees of the Commission may be set*
6 *and adjusted by the Commission without regard*
7 *to the provisions of chapter 51 or subchapter III*
8 *of chapter 53 of title 5, United States Code.*

9 “(C) *ADDITIONAL COMPENSATION AND BEN-*
10 *EFITS.*—*The Commission may provide addi-*
11 *tional compensation and benefits to employees of*
12 *the Commission if the same type of compensation*
13 *or benefits are then being provided by any agen-*
14 *cy referred to under section 1206 of the Finan-*
15 *cial Institutions Reform, Recovery, and Enforce-*
16 *ment Act of 1989 or, if not then being provided,*
17 *could be provided by such an agency under ap-*
18 *plicable provisions of law, rule, or regulation.*

19 “(2) *INFORMATION; COMPARABILITY.*—*In estab-*
20 *lishing and adjusting schedules of compensation and*
21 *additional benefits for employees of the Commission,*
22 *which are to be determined solely by the Commission*
23 *under this subsection, the Commission—*

24 “(A) *shall consult with and inform the*
25 *heads of the agencies referred to under section*

1 *1206 of the Financial Institutions Reform, Re-*
2 *covery, and Enforcement Act of 1989;*

3 *“(B) shall inform the Congress of such com-*
4 *penetration and benefits; and*

5 *“(C) shall seek to maintain comparability*
6 *with such agencies regarding compensation and*
7 *benefits.”.*

8 ***(b) TECHNICAL AMENDMENTS.—***

9 *(1) Section 3132(a)(1) of title 5, United States*
10 *Code, is amended—*

11 *(A) in subparagraph (C), by striking “or”*
12 *after the semicolon;*

13 *(B) in subparagraph (D), by inserting “or”*
14 *after the semicolon; and*

15 *(C) by adding at the end of the following:*

16 *“(E) the Securities and Exchange Commis-*
17 *sion.”.*

18 *(2) Section 5373(a) of title 5, United States*
19 *Code, is amended—*

20 *(A) in paragraph (2), by striking “or” after*
21 *the semicolon;*

22 *(B) in paragraph (3), by striking the period*
23 *and inserting “; or”; and*

24 *(C) by adding at the end the following:*

1 “(4) section 4(b) of the Securities Exchange Act
2 of 1934.”.

3 **SEC. 9. STUDY OF THE EFFECT OF FEE REDUCTIONS.**

4 (a) *STUDY.*—The Office of Economic Analysis of the
5 Securities and Exchange Commission (hereinafter referred
6 to as the “Office”) shall conduct a study of the extent to
7 which the benefits of reductions in fees effected as a result
8 of this Act are passed on to investors.

9 (b) *FACTORS FOR CONSIDERATION.*—In conducting the
10 study under subsection (a), the Office shall—

11 (1) consider all of the various elements of the se-
12 curities industry directly and indirectly benefitting
13 from the fee reductions, including purchasers and sell-
14 ers of securities, members of national securities ex-
15 changes, issuers, broker-dealers, underwriters, partici-
16 pants in investment companies, retirement programs,
17 and others;

18 (2) evaluate the impact on different types of in-
19 vestors, such as individual equity holders, individual
20 investment company shareholders, businesses, and
21 other types of investors;

22 (3) include in the interpretation of the term “in-
23 vestor” shareholders of entities subject to the fee reduc-
24 tions; and

1 (4) *consider the economic benefits to investors*
2 *flowing from the fee reductions to include such factors*
3 *as market efficiency, expansion of investment oppor-*
4 *tunities, and enhanced liquidity and capital forma-*
5 *tion.*

6 (c) *REPORT TO CONGRESS.—Not later than 2 years*
7 *after the date of enactment of this Act, the Securities and*
8 *Exchange Commission shall submit to the Congress the re-*
9 *port prepared by the Office on the results of the study con-*
10 *ducted under subsection (a).*

11 **SEC. 10. EFFECTIVE DATES.**

12 (a) *IN GENERAL.—Except as provided in subsections*
13 *(b), (c), and (d), the amendments made by this Act shall*
14 *take effect on October 1, 2001.*

15 (b) *IMMEDIATE TRANSACTION FEE REDUCTIONS.—*
16 *The amendments made by section 2 shall take effect on the*
17 *later of—*

18 (1) *the first day of fiscal year 2002; or*

19 (2) *30 days after the date on which a regular ap-*
20 *propriation to the Commission for such fiscal year is*
21 *enacted.*

22 (c) *PAY PARITY.—*

23 (1) *IN GENERAL.—Except as provided in para-*
24 *graph (2), the amendments made by section 8 shall*
25 *take effect on the date of enactment of this Act.*

1 (2) *EXCEPTION.*—*The amendments made by sec-*
2 *tion 8(b)(1) shall take effect as of such date as the Se-*
3 *curities and Exchange Commission shall (by order*
4 *published in the Federal Register) prescribe, but in no*
5 *event later than 1 year after the date of enactment of*
6 *this Act.*

7 (d) *ADDITIONAL EXCEPTIONS.*—*The authorities pro-*
8 *vided by section 6(b)(9) of the Securities Act of 1933 and*
9 *sections 13(e)(9), 14(g)(9) and 31(k) of the Securities Ex-*
10 *change Act of 1934, as so designated by this Act, shall not*
11 *apply until October 1, 2002.*

Union Calendar No. 42

107TH CONGRESS
1ST SESSION

H. R. 1088

[Report No. 107-52, Part I]

A BILL

To amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, and for other purposes.

MAY 25, 2001

Committee discharged; referred to the Committee of the Whole House on the State of the Union and ordered to be printed