

108TH CONGRESS  
1ST SESSION

# H. R. 657

To amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2003

Mr. GARRETT of New Jersey (for himself, Mr. OXLEY, Mr. BAKER, Mr. FRANK of Massachusetts, Mr. KANJORSKI, and Mr. EMANUEL) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission.

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 “Emergency Securities  
5 Response Act of 2003”.

1 **SEC. 2. EXTENSION OF EMERGENCY ORDER AUTHORITY OF**  
2 **THE SECURITIES EXCHANGE COMMISSION.**

3 (a) EXTENSION OF AUTHORITY.—Paragraph (2) of  
4 section 12(k) of the Securities Exchange Act of 1934 (15  
5 U.S.C. 78l(k)(2)) is amended to read as follows:

6 “(2) EMERGENCY ORDERS.—(A) The Commis-  
7 sion, in an emergency, may by order summarily take  
8 such action to alter, supplement, suspend, or impose  
9 requirements or restrictions with respect to any mat-  
10 ter or action subject to regulation by the Commis-  
11 sion or a self-regulatory organization under the secu-  
12 rities laws, as the Commission determines is nec-  
13 essary in the public interest and for the protection  
14 of investors—

15 “(i) to maintain or restore fair and orderly  
16 securities markets (other than markets in ex-  
17 empted securities);

18 “(ii) to ensure prompt, accurate, and safe  
19 clearance and settlement of transactions in se-  
20 curities (other than exempted securities); or

21 “(iii) to reduce, eliminate, or prevent the  
22 substantial disruption by the emergency of (I)  
23 securities markets, investment companies, or  
24 any other significant portion or segment of such  
25 markets, or (II) the transmission or processing  
26 of securities transactions.

1           “(B) An order of the Commission under this  
2 paragraph (2) shall continue in effect for the period  
3 specified by the Commission, and may be extended.  
4 Except as provided in subparagraph (C), the Com-  
5 mission’s action may not continue in effect for more  
6 than 30 business days, including extensions. If the  
7 actions described in subparagraph (A) involve a se-  
8 curity futures product, the Commission shall consult  
9 with and consider the views of the Commodity Fu-  
10 tures Trading Commission. In exercising its author-  
11 ity under this paragraph, the Commission shall not  
12 be required to comply with the provisions of section  
13 553 of title 5, United States Code, or with the provi-  
14 sions of section 19(e) of this title.

15           “(C) An order of the Commission under this  
16 paragraph (2) may be extended to continue in effect  
17 for more than 30 business days if, at the time of the  
18 extension, the Commission finds that the emergency  
19 still exists and determines that the continuation of  
20 the order beyond 30 business days is necessary in  
21 the public interest and for the protection of investors  
22 to attain an objective described in clause (i), (ii), or  
23 (iii) of subparagraph (A). In no event shall an order  
24 of the Commission under this paragraph (2) con-  
25 tinue in effect for more than 90 calendar days.”.

1 (b) DEFINITION OF EMERGENCY.—Paragraph (6) of  
2 section 12(k) of the Securities Exchange Act of 1934 (15  
3 U.S.C. 78l(k)(6)) is amended to read as follows:

4 “(6) DEFINITIONS.—

5 “(A) EMERGENCY.—For purposes of this  
6 subsection, the term ‘emergency’ means—

7 “(i) a major market disturbance char-  
8 acterized by or constituting—

9 “(I) sudden and excessive fluc-  
10 tuations of securities prices generally,  
11 or a substantial threat thereof, that  
12 threaten fair and orderly markets; or

13 “(II) a substantial disruption of  
14 the safe or efficient operation of the  
15 national system for clearance and set-  
16 tlement of transactions in securities,  
17 or a substantial threat thereof; or

18 “(i) a major disturbance that substan-  
19 tially disrupts, or threatens to substantially  
20 disrupt—

21 “(I) the functioning of securities  
22 markets, investment companies, or  
23 any other significant portion or seg-  
24 ment of the securities markets; or

1                   “(II) the transmission or proc-  
2                   essing of securities transactions.

3                   “(B) SECURITIES LAWS.—Notwithstanding  
4                   section 3(a)(47), for purposes of this sub-  
5                   section, the term ‘securities laws’ does not in-  
6                   clude the Public Utility Holding Company Act  
7                   of 1935 (15 U.S.C. 79a et seq.).”.

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