## PRAYER

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

Let us pray using the words of Psalm 65.

*O God, it is right for us to praise you in Zion and keep our promise to you because you answer prayers. People everywhere will come to you on account of their sins. Our faults defeat us, but you forgive them. Happy are those whom you choose, whom you bring to live in your sanctuary. We shall be satisfied with the good thing of your house, the blessings of your sacred temple.* Amen.

## THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Ohio (Mr. TRAFICANT) come forward and lead the House in the Pledge of Allegiance.

Mr. TRAFICANT led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

## COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
*Washington, DC, June 11, 1999.*

Hon. J. DENNIS HASTERT,
*The Speaker, House of Representatives, Washington, DC.*

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on June 11, 1999 at 12:40 p.m.: That the Senate Passed without amendment H. Con. Res. 127.

Appointment: Congressional Award Board.

With best wishes, I am

Sincerely,

JEFF TRANDAHL,
*Clerk.*

## TRIBUTE TO ''OLD GLORY''

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, today, along with my constituents of the Second Congressional District of Nevada, I want to pay tribute to our Nation's great flag.

Since the day Betsy Ross became the most famous seamstress in American history, ''Old Glory'' has changed about 27 different times, but changing only in its glorious appearance.

While our Nation has progressed and even grown over the past 2½ centuries, our flag continues to represent the same ideals, freedoms, and liberties we all cherish. But even further, the American flag represents the hopes and dreams of millions of people around the world.

Our flag greets us when we arrive at our place of business. It greets our children when they arrive at school. Even out in the ballpark on a warm summer afternoon, ''Old Glory'' waives gallantly before us.

Today, like any other day in Congress, we pledge our allegiance to the flag before addressing the issues that affect the very freedoms and liberty for which our flag stands.

So as we settle in on this week of work, let us each take an extra moment today to recognize ''Old Glory,'' for we are all blessed to live under the freedoms and liberties for which the stars and stripes stands.

## NO FIVE-DAY WAITING PERIOD ON CHINESE NUKES

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, China spies and buys our secrets. Then China points their missiles at American cities. Now if that is not enough to put trigger locks on Chinese missiles, a White House spokesman said, and I quote, ''We will grant China swift admission to the World Trade Organization.'' Swift admission no less. Beam me up here. I am firmly convinced those experts at the White House are smoking dope.

I yield back the fact that there is no 5-day waiting period on Chinese nukes. Think about that.

## SUPPORT DOLLARS TO THE CLASSROOM ACT

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, it has been called the Mozart effect, the scientific study showing that early music training shapes children's growing brains and boosts their learning power.

Not only does early music training and exposure aid in development of logic and abstract thinking, it also helps children with memory retention and creativity. That is why, Mr. Speaker, although local educators have recognized this fact for years, they often find their local budget so burdened with strings and regulations, that music and art education loses out.

This is unfortunate and shortsighted. It is why more local control is necessary so that parents, teachers, and local schools have the freedom to invest their elementary dollars into the classes that teach students tiny bits of music theory and expose them to the basics of music and art education.

With the Dollars to the Classroom Act, local educators would have the freedom to make decisions for their school if they identified such a need. More flexibility, more local control, more dollars to the classroom.

I urge my colleague to cosponsor and support the Dollars to the Classroom Act.

## TAXES KEEP GETTING RAISED AND BURDEN ON TAXPAYERS IS GREATER AND GREATER

(Mr. COOKSEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COOKSEY. Mr. Speaker, in the last 40 years we have almost never heard a politician run on a pledge to raise taxes. Yet, somehow taxes keep getting raised, and the tax burden on the middle income just gets greater and greater.

Middle income families send between one-fourth and one-third of everything they earn to the government, and the government in turn is not very careful with what it takes.

Even worse, the arrogance of government and of the tax-and-spenders who keep on expanding government is such that the liberal Democrats routinely imply that they are doing people a favor by letting them keep more of what already belongs to them.

They talk about giving people tax breaks as if the government is giving them something. How truly revealing. A government that cuts taxes is not giving anybody anything. It is merely not taking as much from what already belongs to the taxpayer.

Liberals hate tax cuts. The New York Times and the Washington Post constantly editorialize against them. Why is it so terrible to give Americans more freedom and government less?

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the vote is objected to under clause 6 of rule XX.

Such roll call votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules, but not before 6 p.m. today.

## BOND PRICE COMPETITION IMPROVEMENT ACT OF 1999

Mr. BLILEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1400) 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, as amended.

The Clerk read as follows:

H.R. 1400

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Bond Price Competition Improvement Act of 1999''.

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

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

''(d) MINIMUM REQUIREMENTS FOR TRANSACTION INFORMATION ON DEBT SECURITIES.—

''(1) ACTION REQUIRED.—The Commission shall adopt such rules and take such other actions under this section as may be necessary or appropriate, having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets to assure the prompt, accurate, reliable, and fair collection, processing, distribution, and publication of transaction information, including last sale data, with respect to covered debt securities so that such information is available to all exchange members, brokers, dealers, securities information processors, and all other persons. In determining the rules or other actions to take under this subsection, the Commission shall take into consideration, among other factors, private sector systems for the collection and distribution of transaction information on corporate debt securities.

''(2) EFFECT ON OTHER AUTHORITY.—Nothing in this subsection limits or otherwise alters the Commission's authority under the other provisions of this section or any other provision of this title.

''(3) DEFINITIONS.—For purposes of this subsection:

''(A) COVERED DEBT SECURITIES.—The term 'covered debt securities' means bonds, debentures, or other debt instruments of an issuer, other than—

''(i) exempted securities; and

''(ii) securities that the Commission determines by rule to except from the requirements of this subsection.

''(B) TRANSACTION INFORMATION.—The term 'transaction information' means information concerning such price, volume, and yield information associated with a transaction involving the purchase or sale of a covered debt security as may be prescribed by the Commission by rule for purposes of this subsection.

''(C) FACTORS IN DEFINITIONAL RULES.—In prescribing rules pursuant to this paragraph, the Commission shall take into consideration the extent to which a security is actively traded, market liquidity, competition, the protection of investors and the public interest, and other relevant factors.''.

(b) CONFORMING AMENDMENT.—Section 11A(a)(3)(A) of such Act is amended by striking ''(which shall be in addition to the National Market Advisory Board established pursuant to subsection (d) of this section)''.

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

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

Section 12(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78*l*(a)) is amended by striking the period at the end thereof and inserting the following: '', except that a registration is not required to be effective for trading on an exchange of a class of debt securities of an issuer that has another class of securities for which a registration is effective for such exchange. Such a class of debt securities shall, for purposes of any provision of this title or the rules or regulations thereunder, be treated as a class of securities registered under this section upon approval of the listing of such class of debt securities by the exchange.''.

**SEC. 4. TECHNICAL AMENDMENT.**

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

''(iii) Notwithstanding subparagraph (A)(i) of this paragraph, securities, other than equity securities, that are described in subparagraphs (B) and (C) of paragraph (42) of this subsection shall not be deemed to be exempted securities for purposes of section 11A of this title.''.

**SEC. 5. STUDIES.**

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

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

(2) in municipal securities (as such term is defined in section 3(a)(29) of such Act (15 U.S.C. 78c(a)(29)).

(b) COMMISSION AND MSRB PARTICIPATION.—The Comptroller General shall conduct the study required by subsection (a)(1) in consultation with the Securities and Exchange Commission, and the study required by subsection (a)(2) in consultation with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

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

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Virginia (Mr. BLILEY) and the gentleman from Michigan (Mr. DINGELL) each will control 20 minutes.

The Chair recognizes the gentleman from Virginia (Mr. BLILEY).

GENERAL LEAVE

Mr. BLILEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1400.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLILEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in strong support of H.R. 1400, the Bond Price Competition Improvement Act of 1999. This is a bill designed to accomplish a simple but very important goal, to make investors' dollars go farther in the bond markets.

How will this legislation accomplish that goal? By improving the way our country's bond markets work. Today, investors simply do not have the same access to bond price information that they do to price information about stocks or, for that matter, cars or bananas or plane tickets. In fact, investors have practically no information about the prevailing market prices of bonds when they seek to invest in the bond market.

As we learned in our hearings before the Subcommittee on Finance and Hazardous Materials, two investors buying the same bond at the same time from the same dealer can be given very different prices, prices differing by as much as 6 percent. That can amount to a full year's worth of interest.

The reason for this is that there exists no mechanism to provide investors with bond prices, like the ticker that investors see every day for stock prices. Without price information, investors do not have the tools they need to comparison shop. So competition cannot influence the market to bring investors the best prices.

This legislation will fix this deficiency in our securities markets. I believe that the forces of competition should bring investors the best prices, not only in the stock market, but also in the bond market. H.R. 1400 ensures that the Securities and Exchange Commission will adopt rules to unleash those competitive forces.

Although the Commission has had authority to adopt transparency rules for the bond market since 1975, this legislation is necessary to guarantee that those rules will be adopted. The legislation also ensures that bond price information will be provided to the public on their trades.

I am pleased that H.R. 1400 enjoys the support of the Bond Market Association, the National Association of Securities Dealers, and the Securities and Exchange Commission, each of whom worked closely with the committee throughout the development of this legislation.

In particular, I commend the Bond Market Association for taking steps to develop a system that will improve competition in the bond market for investors. I note that H.R. 1400 contemplates the development of such a private sector initiative in achieving its goal, and it is my hope that the marketplace will embrace that goal and develop a system that precludes the need for any additional transparency requirements. The legislation also ensures that the SEC will take such private sector initiatives into consideration in promulgating rules under the bill.

In addition, the legislation includes a technical provision dealing with the treatment of exchange-listed debt securities. This provision eliminates needless regulatory requirements relating

to these instruments, to reduce costs and streamline the provision of information to the marketplace.

I commend the gentleman from Ohio (Mr. OXLEY), chairman of the Subcommittee on Finance and Hazardous Material, for his leadership on this issue, from his initial hearings in the 105th Congress to today's vote. I also commend the gentleman from Michigan (Mr. DINGELL), the ranking member of the committee on Commerce, who has worked hard to ensure our markets are the fairest and most transparent possible for investors.

I thank and commend the gentleman from New York (Mr. TOWNS), ranking member of the Subcommittee on Finance and Hazardous Material, as well as the gentleman from Massachussetts (Mr. MARKEY), the ranking member of the Subcommittee on Telecommunications, Trade, and Consumer Protection for their leadership and constructive input at every stage of this legislation's develop.

This legislation continues the tradition we have had in the committee during my chairmanship of quietly modernizing the laws governing financial markets. We enacted litigation reform to diminish securities strike suits brought against public companies.

In the National Securities Markets Improvement Act, we eliminated State regulation of securities offerings. We provided for cost-benefit analysis of SEC rules. We reduced the fees assessed by the SEC on securities offerings. We extended the protections of litigation reform to the States and the Uniform Standards legislation.

□ 1415

And we worked to bring decimal pricing to the exchanges.

The corporate bond market covered by this legislation is significant. Every day investors trade over $15 billion worth of corporate bonds. Every Member of this body has constituents who are relying on that market for their retirement, their children's education, and their financial future. It is our obligation to make that market the fairest, most competitive and most efficient it can be. H.R. 1400 will help us fulfill that obligation.

The purpose of H.R. 1400, the Bond Price Competition Improvement Act of 1999, is to improve the collection and dissemination of information concerning prices for debt securities to enable all investors to make more informed investment choices by providing a means by which they can more readily compare prices of debt securities. Recognizing the important role the nation's debt markets play in capital formation, consideration of the effects transparency may have on market liquidity is also included under the scope of this bill. Improved transparency will likely lead to increased competition among dealers, and will also serve to foster investor confidence in the bond markets. Regulators will also benefit by gaining access to an increased amount of transactions data for use in market surveillance.

On September 29, 1998, the Subcommittee on Finance and Hazardous Materials held a hearing, ''Improving Price Competition for Mutual Funds and Bonds.'' At that hearing, the Subcommittee heard testimony regarding bond market transparency from the SEC, The Bond Market Association, The Vanguard Group, and Clover Capital Management, among others. In their testimony, the SEC described the results of a recently completed review of the U.S. debt markets. Overall, the report found that ''the debt markets are functioning well.'' The U.S. Treasury market was found to be ''highly transparent,'' and the federal agency securities market was characterized as having ''a very good level of pricing information.'' The SEC found that for mortgage- and asset-backed securities, including collateralized mortgage obligations, the ''quality of pricing information and interpretive tools available to the market is good.'' The quality of pricing information for high-yield corporate bonds was found to be ''relatively poor,'' yet the SEC found that dealers ''do not appear to enjoy a great advantage over their institutional clients.'' For investment grade bonds, the SEC reported that the quality of pricing information available ranges from ''fairly good to fair.'' Witnesses from The Vanguard Group and Clover Capital Management echoed the SEC's comments about price transparency in the high yield and investment grade corporate bond markets. The Bond Market Association testified in support of the goal of providing investors with more meaningful price information, and reaffirmed their commitment to improving price transparency in the corporate bond market. Testimony indicated that improvements in corporate bond price transparency were needed.

Price transparency in the Treasury, municipal, and high yield bond market has received much attention from regulators and Congress in recent years. For each of these markets, a different, market-specific approach to price transparency was developed in coordination with regulators, legislators, and industry participants. The Committee heard testimony that detailed the existing price transparency systems in these markets, and was told that experience gained in developing these systems will assist in the development of relevant systems for the corporate bond market. According to a joint report by the SEC, the Treasury Department, and the Federal Reserve Board, private sector systems in the Treasury market have been credited with contributing to ''significant advances in price transparency for government securities.'' Recognizing the importance of private sector initiatives, H.R. 1400 contains a provision requiring the SEC to consider ''private sector systems for the collection and distribution of transaction information on corporate debt securities.''

In the municipal and high yield bond markets, dealers are already required to report their transactions in these securities. All transactions in municipal bonds are reported to the Municipal Securities Rulemaking Board, and have been reported to the MSRB for several years. Since 1995, dealer market transactions have been reported, and since 1998, dealer to customer transactions have also been reported. Regulators have access to this data, and The Bond Market Association provides the MSRB's data on its investor web site—www.investinginbonds.com—to the public free of charge. For high yield corporate bonds, the Nasdaq's Fixed Income Pricing System (FIPS) collects data for regulatory purposes, provides it to participants, and to vendors who then transmit it to their subscribers. There are NASD rules that require the reporting of all high yield transactions in FIPS. For exchange-listed bonds, prices are reported in many newspapers each day, and NYSE bond trades are available throughout the day on the high speed bond quote line and also on the Internet.

The Subcommittee heard testimony on March 18, 1999 that highlighted the fact that regulators have recognized the difference between liquid and illiquid securities when developing regulations for equities and also for high yield bonds. While the equities market is considered by many to represent an exemplary approach to price transparency, it was noted that vast differences in the level of price transparency between liquid and illiquid equities exist. Real-time reporting and immediate dissemination of price and quantity characterize the level of transparency for listed equities—which are for the most part, liquid securities. However, in the market for unlisted ''pink sheet'' or ''bulletin board'' equities—which are not very liquid securities—prices are not reported in real-time nor are prices publicly disseminated. In fact, there are no real-time transaction reporting systems that require or provide immediate public dissemination of every trade in a given class of illiquid securities. In testimony from The Bond Market Association, the Subcommittee heard that the industry has undertaken a private sector initiative that is designed to cover inter-dealer broker trades in investment grade corporate bonds, and that the data will be made available to regulators. The NASD also testified that they are currently developing a comprehensive system that will include an historical database that can be used for market surveillance.

The nature of the bond markets raises some difficult challenges in crafting price transparency solutions. There are numerous corporate bond issues outstanding at any given time—estimates range from 300,000 to 400,000 for corporate bonds—in contrast to only approximately 11,000 listed equities. Testimony indicated that only 4 percent of corporate bonds trade at least once in any given year. Bond markets are not continuous trading markets—i.e., most bonds do not trade every day—and as such, the market structure of the bond market is necessarily different from the structure of the equities market. Corporate bond trades occur as a result of negotiations between trading parties, and most trades are conducted over-the-counter, as opposed to on the New York Stock Exchange or American Stock Exchange. Corporate bonds trade in relation not only to one another, but more importantly in relation to a benchmark Treasury security (spread to Treasury). The Committee recognizes that the high level of transparency in the government securities markets therefore provides a critically important relative evaluation benchmark for corporate bonds. The market is largely institutional, with retail investors holding less than five percent of corporate bonds outstanding. Additionally, most institutional investors have access to numerous sources of benchmark securities prices and other related price information from commercial vendors. These sources enable investors to make price comparisons between similar corporate bonds—even if a particular bond did not trade—which is a very likely scenario. Since corporate bonds trade in relation to one

another, specific bonds of like credit quality and maturity may be fungible with one another, which facilitates the ability of investors to comparison shop among dealers.

Currently, the bond markets provide a vital source of capital for the U.S. Government, federal agencies, states and localities, and America's corporations. In 1998 alone, over $10 trillion of new debt was issued in the United States debt markets. The Subcommittee heard testimony that advised regulatory authorities to proceed carefully when developing systems to improve price transparency so that market liquidity will not be harmed. Testimony highlighted the concerns of large institutional investors and market participants who hold large blocks of bonds. Testimony suggested that these investors and participants are concerned that the immediate dissemination of price and trading volume could make it harder for them to unwind positions, and subsequently, the amount of capital supplied to the market may be reduced. Although the Committee made no determination as to whether or not liquidity would be affected by increased price transparency, the Committee recognizes the importance of these concerns, and a provision in H.R. 1400 requires the SEC to take market liquidity, as well as other factors, into account before prescribing rules.

The CBO Cost Estimate included in the Committee Report identifies the NASD as the statutorily mandated private sector collector and disseminator of bond price information and ignores all costs to other market participants—including dealers and investors. However, H.R. 1400 specifically and purposefully omits the identity and character of the entity responsible for the collection and dissemination of prices for ''covered debt securities.'' Although only the SEC, or a self-regulatory organization like the NYSE or NASD, can impose rules and conduct market surveillance, the exact method of collecting pricing data and disseminating pricing data is left to the discretion of the SEC subject to the guiding factors identified in the bill. One important factor, that ''the Commission shall take into consideration . . . private sector systems for the collection and distribution of transaction information on corporate debt securities,'' was in fact specifically added to H.R. 1400 to ensure maximum competition in the marketplace for those functions not required to be undertaken by regulators or self-regulatory organizations. The CBO cost estimate misstates the statutory language of H.R. 1400 in identifying the NASD as the sole entity required to ''collect, process, distribute and publish'' pricing information. Moreover, the CBO estimate ignores true private sector costs—i.e., the cost (both hard and soft) to the dealer community associated with H.R. 1400.

Mr. BLILEY. Mr. Speaker, I reserve the balance of my time.

Mr. DINGELL. Mr. Speaker, I yield myself such time as I may consume.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I rise in support of the bill H.R. 1400, the Bond Price Competition Improvement Act of 1999, and urge its adoption by the House.

I filed a comprehensive additional set of views which appear at page 11 through 13 of the Committee Report.

Mr. Speaker, I would like to first commend my good friend, the gentleman from Virginia (Mr. BLILEY), chairman of the Committee on Commerce, and the gentleman from Ohio (Mr. OXLEY) chairman of the Subcommittee on Finance and Hazardous Materials, for their strong leadership in this legislation. This is an issue that has been boiling around for a long time and the committee has been telling the industry that this is a matter which has to be corrected.

In 1993 in the fall, Mr. MARKEY, then chairman of the Subcommittee on Finance and Hazardous Materials, warned, ''I have little sympathy for those who keep information about quotes, trades, prices, and markups in the dark away from investors. Markets are more efficient, more fair, and more liquid when investors can readily determine how much a security costs.''

At the September 29, 1999, hearing on price competition for bonds, my good friend, the gentleman from Virginia (Chairman BLILEY) issued a challenge to the SEC and the bond market to get going and clean this market up and promised to introduce legislation in the next Congress. The gentleman from Virginia was true to his word and I commend him for working with those of us on this side of the aisle, the Federal regulators, and the bond industry to fashion this targeted and bipartisan bill that is cosponsored by a large numbers of Members on the Subcommittee on Finance and Hazardous Materials, including myself.

Mr. Speaker, in this bill we tell the markets to stop treating investors like mushrooms. We require that the investing public no longer be kept in the dark, away from the world of prompt, accurate, and reliable transaction information; in other words, keeping them away from the sunlight. And we require them to include the last sale reported.

Bond markets are an important function in the U.S. economy. Their complexity will raise more difficult challenges to crafting transparent solutions. This is why we have charged the SEC, the Federal securities regulator, with the responsibility for overseeing this initiative.

The private market has raised concerns that this effort will hurt market liquidity. We are aware of those concerns, but I must confess that personally I have small regard for the concerns and some doubts about those who have raised them. They also were raised in conjunction with earlier initiatives to facilitate transparency in the market for government securities. These markets were totally unharmed, and investors were significantly benefited. They remain the most liquid and efficient in the world.

Mr. Speaker, in closing, I commend the ongoing private sector and NASD responses to the challenge. I believe that the bond markets and the investors both will reap significant benefits from the actions we take today. I reserve the balance of my time.

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. OXLEY), chairman of the Subcommittee on Finance and Hazardous Materials, who so ably steered this legislation through.

Mr. OXLEY. Mr. Speaker, I thank the gentleman from Virginia (Mr. BLILEY) for yielding me this time.

Mr. Speaker, I rise today in support of H.R. 1400, the Bond Price Competition Improvement Act. Although bond trading may not be the most exciting topic in the world, there are $15 billion of corporate bonds traded each day in the United States. It is our obligation to see that those who are relying on bonds for their retirement and their children's education can buy bonds in a fair and open market.

The Subcommittee on Finance and Hazardous Materials began examining the bond market in the 105th Congress. In September, we heard testimony that two investors buying the same bond at the same time from the same dealer can be given very different prices, prices differing as much as 6 percent, amounting to a full year's worth of interest.

In the equity markets there is a mechanism for distributing price information to the public. All one has to do is turn on CNBC and see the ticker at the bottom of the screen which lists the price of stocks traded during the day. No such system currently exists in the bond markets, and that needs to be corrected.

H.R. 1400 was reported unanimously by the Committee on Commerce. This bipartisan bill was originally cosponsored by 27 of the 28 members of the subcommittee and enjoys the support of the Securities and Exchange Commission and the National Association of Securities Dealers.

H.R. 1400 directs the Securities and Exchange Commission to use authority it has had since 1975 to adopt rules facilitating transparency in the bond market with certain minimum standards. By enacting this legislation we will guarantee that these important changes take place. We also make clear that information should be provided to the public for their trades.

Additionally, the legislation provides some regulatory relief to exchange listed bonds. It also includes a provision indicating that the legislation does not affect the exemption from registration requirements for securities of government-sponsored enterprises.

When the committee first raised concerns regarding transparency in the corporate bond markets, market participants responded quickly by developing and implementing a voluntary trade reporting system. The industry has responded positively to transparency challenge in other markets as well. These actions demonstrate a genuine commitment to improving bond market transparency. This commitment should form the basis of a productive partnership between industry and the SEC to improve price transparency.

The SEC should consider this progress as it moves forward under this legislation.

Mr. Speaker, I understand that the gentleman from Virginia (Chairman BLILEY) has included in the RECORD some additional legislative history of H.R. 1400. I understand this legislative history will amplify the record on private sector initiatives in the bond market. I would like to ask the distinguished gentleman if that is correct.

Mr. BLILEY. Mr. Speaker, will the gentleman yield?

Mr. OXLEY. I yield to the gentleman from Virginia.

Mr. BLILEY. Mr. Speaker, the gentleman is absolutely correct.

Mr. OXLEY. Mr. Speaker, reclaiming my time, and I would like to indicate that I join the gentleman in that additional legislative history, and I would like to commend the Bond Market Association for their very constructive participation during the consideration of this legislation. The Bond Market Association is developing a voluntary system to display bond prices publicly. This system will improve the availability of bond prices to investors, and, Mr. Speaker, that just began last week, and we expect a great amount of progress in bringing that price information to the public.

Mr. Speaker, I would like to commend the gentleman from Virginia (Mr. BLILEY) for his leadership on this issue. This is his legislation that he introduced. And I thank him for helping to bring meaningful legislation to the floor for the benefit of all Americans. I also commend our good friend the gentleman from Michigan (Mr. DINGELL); the gentleman from New York (Mr. TOWNS), the ranking member of our subcommittee; and the gentleman from Massachusetts (Mr. MARKEY) for their assistance on this project. Without their help, we would not be here today.

Mr. DINGELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have a couple of brief comments that I think will be helpful to the RECORD. The first is to again express my great affection and respect for the gentleman from Virginia (Mr. BLILEY), distinguished chairman of the Committee on Commerce, and for the distinguished gentleman from Ohio (Mr. OXLEY), chairman of the Subcommittee on Finance and Hazardous Materials.

Mr. Speaker, I have not seen these ''additional remarks'' which are being used to constitute legislative history. Could my two good friends enlighten me as to what they are, where they come from, and what they say?

Mr. BLILEY. Mr. Speaker, if the gentleman would yield, he will have a chance to peruse them before they become a part of the RECORD.

Mr. DINGELL. Mr. Speaker, reclaiming my time, I am comforted to hear that. Am I to assume that they are not part of the legislative history or they are a part of the legislative history?

Mr. BLILEY. Mr. Speaker, if the gentleman would continue to yield, they are not part of the legislative history at the moment.

Mr. DINGELL. Mr. Speaker, again reclaiming my time, I am much comforted to know that. I am comforted because I have always been told in this place that the legislative history is a history of the legislation, and it involves discussion amongst all the people who are handling the legislation so that they all know what it is. I assume that I will have a chance to look at these and perhaps approve them before they become legislative history.

Mr. BLILEY. The gentleman is absolutely correct.

Mr. DINGELL. Very good. Then I thank my good friend.

Mr. MARKEY. Mr. Speaker, I rise in strong support of H.R. 1400, the Bond Price Competition Improvement Act of 1999.

I would like to begin by commending Chairman BLILEY, Subcommittee Chairman OXLEY, the Ranking Democratic Member of the Committee, the gentleman from Michigan (Mr. DINGELL), and the Ranking Democrat on the Subcommittee, the gentleman from New York (Mr. TOWNS) for their leadership in bringing this bill forward for today's Subcommittee markup. I am pleased to be an original cosponsor of this legislation, which is aimed at improving price competition in the nation's bond markets.

On Wall Street, the term ''Price Transparency'' refers to the dissemination of market quotation and transaction information. Such transparency is of critical importance to all participants in our nation's securities markets. Experience has shown that price transparency produces several important benefits. It can help improve the liquidity and efficiency of a market by assuring that comprehensive price and trading information is disseminated to as many market participants as possible, so that the market price of securities will move more quickly to reflect the underlying economic value of the security. In addition, price transparency provides investors with greater protection from abuses by reducing the disparity of information that may exist between market ''insides'' and ''outsiders'' and providing public investors with more equal access to information that is available to primary and other dealers.

With equal access to pricing information, investors in stocks or bonds can better evaluate the quality of execution and the value of their securities. This information is particularly useful for investors evaluating prices for less actively traded securities, where bid-asked spreads may be wider. Such data also can encourage competition among dealers and assist regulators in discovering possible manipulation, fraudulent mark-ups, or other wrongful conduct, or in determining the state of the market at any point in time.

In 1975, the Congress directed the SEC to facilitate the creation of a National Market System for qualified securities. When the Congress enacted that legislation, it did not limit its application merely to stocks, but also included corporate debt securities. At the time, there were many in the broker-dealer community who vigorously opposed it. But some 24 years later the Dow Jones Industrial Average has been routinely topping the 10,000 mark, and all observers agree that the stock markets is much more efficient and more liquid in large part due to their increased transparency.

In the 1980s, under the Subcommittee on Telecommunications and Finance, which I then chaired, Congress passed landmark government securities legislation that, in part, addressed the lack of transparency in that segment of the bond market. In 1991, the industry responded with GovPX, a 24-hour, global electronic reporting system for U.S. Treasury and other government securities.

In the fall of 1993, the Subcommittee held comprehensive hearings on the municipal securities market. I observed at the close of those hearings that I have little sympathy for those who would keep information about quotes, trades, prices, and markups in the dark, away from investors, and that markets are more efficient, more fair and more liquid when investors can readily determined how much a security costs. The Subcommittee challenged the SEC and the market to respond to this need, and promised carefully targeted and bipartisan legislative reforms if they failed to do so.

In response the industry in 1995, the Municipal Securities Rulemaking Board (MSRB) started collecting data on dealer-to-dealer transactions in the municipal bond market as well as disseminating daily summary reports. In 1998, the MSRB added coverage of customer trades to this system.

I should note that in 1994 the National Association of Securities Dealers (NASD) established the Fixed Income Pricing System which covers some but not all high-yield corporate bonds. Aside from this action, over the years the SEC has not made much use of the powers Congress granted it in this area to bring transparency to the corporate bond market. The legislation we are taking up today would help change that. H.R. 1400 would direct the SEC, within the next 12 months, to use the authorities Congress granted it back in 1975 to issue rules or take other actions to improve price transparency in the corporate bond market. Specifically, the bill would mandate that the SEC assure the prompt collection, processing, distribution, and publication of transaction information in the corporate debt market. This would specifically include, but not be limited to, last sale information. Under the bill, the SEC would be directed to assure that such information is made available to all exchange members, broker-dealers, securities information processors, and all other person. In determining the rules or other actions to take under the subsection, the SEC is also directed to take into consideration, among other factors, private sector systems for the collection and distribution of transaction information on corporate debt securities. Finally, the bill provides for a study by the General Accounting Office of measures needed to further improve price transparency.

I support this initiative because I believe that bond investors deserve to get full access to the type of market information that will better enable them to determine whether they are getting the best price for their buy and sell orders. We recognize that Chairman Levitt has already taken some preliminary steps to move the industry forward in this area, and that as a result of his leadership, the NASD is currently considering rule changes which would create transparency and audit trail systems for the corporate bond market. In addition, we also understand that the bond dealers have also stepped in with a plan to make certain market information available, and we welcome that action.

I would like to focus on the relationship on that initiative and this legislation, to ensure that the legislative history of this bill properly reflects the factors that went into consideration of its provisions. During the Subcommittee of Finance and Hazardous Materials hearing on H.R. 1400, I had an opportunity to ask SEC Chairman Levitt about several aspects of the bond dealers' initiative. His responses indicated that while the private sector initiative might be useful to investors, it also had some very significant limitations. For example, Chairman Levitt indicated that the scope of the private sector initiative was limited to investment grade debt, so that all the non-investment grade wouldn't even be covered. Chairman Levitt further indicated that the industry initiative relies entirely on voluntary participation. As a result, he indicated, if an interdealer broker doesn't volunteer to join the system, its trades wouldn't be displayed. In addition, Chairman Levitt testified that direct dealer-to-dealer or dealer-to-customer trades that don't use an interdealer broker wouldn't be recorded through the voluntary initiative. Moreover, the initiative would provide only for hourly dissemination of data, which Chairman Levitt agreed could prove pretty stale in today's fast moving markets. Finally, Chairman Levitt indicated that the SEC and the NASD need additional information about what is going on in the corporate bond market to perform their surveillance missions ''comprehensively and accurately.''

I mention this testimony because I believe that it is essential that the SEC and the NASD, as they consider how to implement the Congressional direction contained in H.R. 1400, must never lose sight of the fact that the current voluntary industry initiatives, while useful and welcome, have their limitations. That is precisely why we gave the SEC the authority to act in a comprehensive fashion, consistent with the public interest and the protection of investors. And while we in Congress recognize these private sector initiatives and welcome them, we nonetheless are passing this legislation today because we are also aware of the gaps in those initiatives and the need to assure that appropriate action is taken by the SEC and to NASD to assure that any transparency system established for the corporate bond market is comprehensive in scope, is not riddled with loopholes, appropriately serves the needs of investors, and allows the SEC and the NASD to carry out their important market surveillance and enforcement missions.

I believe the legislation we are considering today does this. It will underscore the determination of the Congress that effective and comprehensive action will be taken in this area. I urge passage of the legislation.

I urge my colleagues to support this bill as it moves through the legislative process.

Mr. DINGELL. Mr. Speaker, earlier today during floor debate on H.R. 1400, the Bond Price Competition Improvement Act of 1999, I became aware of the intention of the Majority to insert in the RECORD as an extension of remarks ''legislative history'' that the Minority had not been afforded an opportunity to review. We were subsequently informed by Majority staff off the Floor that they had agreed to insert in the RECORD verbatim language that had been submitted by representatives of the Bond Market Association (BMA). I have serious problems with this sneaky attempt to affect the carefully-crafted bipartisan agreement on this bill. I have been supplied a copy of the BMA language and will review it carefully. After an initial reading, I have concluded that parts of it contain factual errors and I will be putting a statement in the RECORD over the next day or so to point out and correct these problems. In the meantime, I wish to express the well-established legal norm that the Courts, in interpreting this statute, should be governed by the plain meaning of the legislative language and the intent expressed in the Committee's report and not on late-crafted statements presented by lobby groups to only the majority and not cleared by the minority or discussed with the minority in proper fashion.

Legislative history is the work of the Congress, in its official pronouncements or sometimes the remarks of its Members in debate. It is not the unscreened remarks of lobbyists submitted in self-serving and irregular fashion.

Mr. TOWNS. Mr. Speaker, I rise in support of the bill, HR 1400, the Bond Price Competition Improvement Act of 1999, and I urge its adoption by the members of the whole House.

I would like to thank Chairman BLILEY of the full Committee on Commerce and Ranking member of the full Committee, Congressman JOHN DINGELL of Michigan, Subcommittee on Finance and Hazardous Materials Chairman OXLEY for their work and leadership on this legislation.

Chairman BLILEY issued a ''challenge to the bond industry to clean up their act on the importance of the right to know'', or expect the Congress to introduce legislation in the 106th Congress as he promised. I want to point out that Chairman BLILEY was true to his word. I want to commend the Committee leadership for all of the effort and work done with the Democrats of the committee to make this bill a bipartisan success.

The H.R. 1400, requires the industry to inform the investing public of the needed information to make sound judgement, while investing in the Bond Market with reliable, accurate transaction information and sale reporting.

The bond markets plays an important role in my home state of New York and the entire U.S. economy. I am aware of the concerns of the industry with regards to the issue of transparency. However, the SEC will do a great job for the industry and U.S. economy.

In closing, I wish to thank Chairman BLILEY and the Ranking Member of the full Committee on Commerce Mr. DINGELL and Chairman OXLEY and the members of the subcommittee for their support.

Mr. DINGELL. Mr. Speaker, I yield back the balance of my time.

Mr. BLILEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia (Mr. BLILEY) that the House suspend the rules and pass the bill, H.R. 1400, as amended.

The question was taken.

Mr. BLILEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

## AUTHORIZING USE OF CAPITOL GROUNDS FOR CLINIC CONDUCTED BY UNITED STATES LUGE ASSOCIATION

Mr. COOKSEY. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res 91) authorizing the use of the Capitol Grounds for a clinic to be conducted by the United States Luge Association, as amended.

The Clerk read as follows:

H. CON. RES. 91

*Resolved by the House of Representatives (the Senate concurring),*

**SECTION 1. AUTHORIZATION OF UNITED STATES LUGE ASSOCIATION CLINIC ON CAPITOL GROUNDS.**

The United States Luge Association (in this resolution referred to as the ''sponsor'') shall be permitted to sponsor a clinic (in this resolution referred to as the ''event'') on the Capitol Grounds on August 14, 1999, or on such other date as the Speaker of the House of Representatives and the Committee on Rules and Administration of the Senate may jointly designate.

**SEC. 2. TERMS AND CONDITIONS.**

(a) IN GENERAL.—The event authorized by section 1 shall be free of admission charge to the public and arranged not to interfere with the needs of Congress, under conditions to be prescribed by the Architect of the Capitol and the Capitol Police Board.

(b) EXPENSES AND LIABILITIES.—The sponsor shall assume full responsibility for all expenses and liabilities incident to all activities associated with the event.

**SEC. 3. STRUCTURES AND EQUIPMENT.**

(a) STRUCTURES AND EQUIPMENT.—Subject to the approval of the Architect of the Capitol, the sponsor may erect upon the Capitol Grounds such stage, sound amplification devices, and other related structures and equipment as may be required for the event authorized by section 1.

(b) ADDITIONAL ARRANGEMENTS.—The Architect of the Capitol and the Capitol Police Board are authorized to make any such additional arrangements as may be required to carry out the event, including arrangements to limit access to a portion of Constitution Avenue as required for the event.

**SEC. 4. ENFORCEMENT OF RESTRICTIONS.**

The Capitol Police Board shall provide for enforcement of the restrictions contained in section 4 of the Act of July 31, 1946 (40 U.S.C. 193d; 60 Stat. 718), concerning sales, displays, advertisements, and solicitations on the Capitol Grounds, as well as other restrictions applicable to the Capitol Grounds, with respect to the event authorized by section 1.

**SEC. 5. LIMITATIONS ON REPRESENTATIONS.**

(a) IN GENERAL.—No person may represent, either directly or indirectly, that this resolution or any activity carried out under this resolution in any way constitutes approval or endorsement by the Federal Government of any person or any product or service.

(b) ENFORCEMENT.—The Architect of the Capitol and the Capitol Police Board shall enter into an agreement with the sponsor, and such other persons participating in the event authorized by section 1 as the Architect of the Capitol and the Capitol Police Board consider appropriate, under which such persons shall agree to comply with the requirements of subsection (a). The agreement shall specifically prohibit the use of any photograph taken at the event for a commercial purpose and shall provide for the imposition of financial penalties if any violations of the agreement occur.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from