

107TH CONGRESS
1ST SESSION

S. 143

AN ACT

To amend the Securities Act of 1933 and the Securities Exchange Act of 1934, to reduce securities fees in excess of those required to fund the operations of the Securities and Exchange Commission, to adjust compensation provisions for employees of the 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Competitive Market Supervision Act of 2001”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Reduction in registration fee rates; elimination of general revenue component.
- Sec. 3. Reduction in merger and tender fee rates; reclassification as offsetting collections.
- Sec. 4. Reduction in transaction fees; elimination of general revenue component.
- Sec. 5. Adjustments to fee rates.
- Sec. 6. Comparability provisions.
- Sec. 7. Study of the effect of fee reductions.
- Sec. 8. Effective date.

3 **SEC. 2. REDUCTION IN REGISTRATION FEE RATES; ELIMI-**
 4 **NATION OF GENERAL REVENUE COMPONENT.**

5 (a) SECURITIES ACT OF 1933.—Section 6(b) of the
 6 Securities Act of 1933 (15 U.S.C. 77f(b)) is amended—

7 (1) by striking paragraph (2) and inserting the
 8 following:

9 “(2) FEE PAYMENT REQUIRED.—At the time of
 10 filing a registration statement, the applicant shall
 11 pay to the Commission a fee that shall be equal to
 12 the amount determined under the rate established by
 13 paragraph (3). The Commission shall publish in the
 14 Federal Register notices of the fee rate applicable
 15 under this section for each fiscal year.”;

16 (2) by striking paragraph (3);

17 (3) by redesignating paragraphs (4) and (5) as
 18 paragraphs (3) and (4), respectively;

19 (4) in paragraph (3), as redesignated—

1 (A) by striking subparagraph (A) and in-
2 serting the following:

3 “(A) IN GENERAL.—Except as provided in
4 subparagraphs (B) and (C), the rate deter-
5 mined under this paragraph is a rate equal to
6 the following amount per \$1,000,000 of the
7 maximum aggregate price at which the securi-
8 ties are proposed to be offered:

9 “(i) \$67 for each of fiscal years 2002
10 through 2006.

11 “(ii) \$33 for fiscal year 2007 and
12 each fiscal year thereafter.”; and

13 (B) in subparagraph (B), by striking “this
14 paragraph (4)” and inserting “this paragraph”;
15 and

16 (5) by striking paragraph (4), as redesignated,
17 and inserting the following:

18 “(4) PRO RATA APPLICATION OF RATE.—The
19 rate required by this subsection shall be applied pro
20 rata to amounts and balances equal to or less than
21 \$1,000,000.”.

22 (b) TRUST INDENTURE ACT OF 1939.—Section
23 307(b) of the Trust Indenture Act of 1939 (15 U.S.C.
24 77ggg(b)) is amended by striking “, but, in the case of”

1 and all that follows through the end of the subsection and
2 inserting a period.

3 **SEC. 3. REDUCTION IN MERGER AND TENDER FEE RATES;**
4 **RECLASSIFICATION AS OFFSETTING COLLEC-**
5 **TIONS.**

6 (a) SECTION 13.—Section 13(e)(3) of the Securities
7 Exchange Act of 1934 (15 U.S.C. 78m(e)(3)) is amended
8 to read as follows:

9 “(3) FEES.—

10 “(A) IN GENERAL.—At the time of the fil-
11 ing of any statement that the Commission may
12 require by rule pursuant to paragraph (1), the
13 person making the filing shall pay to the Com-
14 mission a fee equal to—

15 “(i) \$67 for each \$1,000,000 of the
16 value of the securities proposed to be pur-
17 chased, for each of fiscal years 2002
18 through 2006; and

19 “(ii) \$33 for each \$1,000,000 of the
20 value of securities proposed to be pur-
21 chased, for fiscal year 2007 and each fiscal
22 year thereafter.

23 “(B) REDUCTION.—The fee required by
24 this paragraph shall be reduced with respect to
25 securities in an amount equal to any fee paid

1 with respect to any securities issued in connec-
2 tion with the proposed transaction under sec-
3 tion 6(b) of the Securities Act of 1933, or the
4 fee paid under that section shall be reduced in
5 an amount equal to the fee paid to the Commis-
6 sion in connection with such transaction under
7 this paragraph.

8 “(C) LIMITATION; DEPOSIT OF FEES.—

9 “(i) LIMITATION.—Except as provided
10 in subparagraph (D), no amounts shall be
11 collected pursuant to this paragraph for
12 any fiscal year, except to the extent pro-
13 vided in advance in appropriations Acts.

14 “(ii) DEPOSIT OF FEES.—Fees col-
15 lected during any fiscal year pursuant to
16 this paragraph shall be deposited and cred-
17 ited as offsetting collections in accordance
18 with appropriations Acts.

19 “(D) LAPSE OF APPROPRIATIONS.—If, on
20 the first day of a fiscal year, a regular appro-
21 priation to the Commission has not been en-
22 acted for that fiscal year, the Commission shall
23 continue to collect fees (as offsetting collec-
24 tions) under this paragraph at the rate in effect

1 during the preceding fiscal year, until such a
2 regular appropriation is enacted.

3 “(E) PRO RATA APPLICATION OF RATE.—
4 The rate required by this paragraph shall be
5 applied pro rata to amounts and balances equal
6 to or less than \$1,000,000.”.

7 (b) SECTION 14.—

8 (1) PRELIMINARY PROXY SOLICITATIONS.—Sec-
9 tion 14(g)(1) of the Securities Exchange Act of
10 1934 (15 U.S.C. 78n(g)(1)) is amended—

11 (A) in subparagraph (A), by striking
12 “Commission the following fees” and all that
13 follows through the end of the subparagraph
14 and inserting “Commission—

15 “(i) for preliminary proxy solicitation
16 material involving an acquisition, merger,
17 or consolidation, if there is a proposed pay-
18 ment of each or transfer of securities or
19 property to shareholders, a fee equal to—

20 “(I) \$67 for each \$1,000,000 of
21 such proposed payment, or of the
22 value of such securities or other prop-
23 erty proposed to be transferred, for
24 each of fiscal years 2002 through
25 2006; and

1 “(II) \$33 for each \$1,000,000 of
2 such proposed payment, or of the
3 value of such securities or other prop-
4 erty proposed to be transferred, for
5 fiscal year 2007 and each fiscal year
6 thereafter; and

7 “(ii) for preliminary proxy solicitation
8 material involving a proposed sale or other
9 disposition of substantially all of the assets
10 of a company, a fee equal to—

11 “(I) \$67 for each \$1,000,000 of
12 the cash or of the value of any securi-
13 ties or other property proposed to be
14 received upon such sale or disposition,
15 for each of fiscal years 2002 through
16 2006; and

17 “(II) \$33 for each \$1,000,000 of
18 the cash or of the value of any securi-
19 ties or other property proposed to be
20 received upon such sale or disposition,
21 for fiscal year 2007 and each fiscal
22 year thereafter.”;

23 (B) in subparagraph (B), by inserting
24 “REDUCTION.—” before “The fee”; and

25 (C) by adding at the end the following:

1 “(C) LIMITATION; DEPOSIT OF FEES.—

2 “ (i) LIMITATION.—Except as provided
3 in subparagraph (D), no amounts shall be
4 collected pursuant to this paragraph for
5 any fiscal year, except to the extent pro-
6 vided in advance in appropriations Acts.

7 “ (ii) DEPOSIT OF FEES.—Fees col-
8 lected during any fiscal year pursuant to
9 this paragraph shall be deposited and cred-
10 ited as offsetting collections in accordance
11 with appropriations Acts.

12 “(D) LAPSE OF APPROPRIATIONS.—If, on
13 the first day of a fiscal year, a regular appro-
14 priation to the Commission has not been en-
15 acted for that fiscal year, the Commission shall
16 continue to collect fees (as offsetting collec-
17 tions) under this paragraph at the rate in effect
18 during the preceding fiscal year, until such a
19 regular appropriation is enacted.

20 “(E) PRO RATA APPLICATION OF RATE.—
21 The rate required by this paragraph shall be
22 applied pro rata to amounts and balances equal
23 to or less than \$1,000,000.”.

1 (2) OTHER FILINGS.—Section 14(g)(3) of the
2 Securities Exchange Act of 1934 (15 U.S.C.
3 78n(g)(3)) is amended—

4 (A) by striking “At the time” and insert-
5 ing the following: “OTHER FILINGS.—

6 “(A) FEE RATE.—At the time”;

7 (B) by striking “the Commission a fee of”
8 and all that follows through “The fee” and in-
9 serting the following: “the Commission a fee
10 equal to—

11 “(i) \$67 for each \$1,000,000 of the
12 aggregate amount of cash or of the value
13 of securities or other property proposed to
14 be offered, for each of fiscal years 2002
15 through 2006; and

16 “(ii) \$33 for each \$1,000,000 of the
17 aggregate amount of cash or of the value
18 of securities or other property proposed to
19 be offered, for fiscal year 2007 and each
20 fiscal year thereafter.

21 “(B) REDUCTION.—The fee required under
22 subparagraph (A)”;

23 (C) by adding at the end the following:

24 “(C) LIMITATION; DEPOSIT OF FEES.—

1 “(i) LIMITATION.—Except as provided
2 in subparagraph (D), no amounts shall be
3 collected pursuant to this paragraph for
4 any fiscal year, except to the extent pro-
5 vided in advance in appropriations Acts.

6 “(ii) DEPOSIT OF FEES.—Fees col-
7 lected during any fiscal year pursuant to
8 this paragraph shall be deposited and cred-
9 ited as offsetting collections in accordance
10 with appropriations Acts.

11 “(D) LAPSE OF APPROPRIATIONS.—If, on
12 the first day of a fiscal year, a regular appro-
13 priation to the Commission has not been en-
14 acted for that fiscal year, the Commission shall
15 continue to collect fees (as offsetting collec-
16 tions) under this paragraph at the rate in effect
17 during the preceding fiscal year, until such a
18 regular appropriation is enacted.

19 “(E) PRO RATA APPLICATION OF RATE.—
20 The rate required by this paragraph shall be
21 applied pro rata to amounts and balances equal
22 to or less than \$1,000,000.”.

1 **SEC. 4. REDUCTION IN TRANSACTION FEES; ELIMINATION**
2 **OF GENERAL REVENUE COMPONENT.**

3 Section 31 of the Securities Exchange Act of 1934
4 (15 U.S.C. 78ee) is amended—

5 (1) by striking subsections (b) through (d) and
6 inserting the following:

7 “(b) TRANSACTION FEES.—

8 “(1) IN GENERAL.—Each national securities ex-
9 change and national securities association shall pay
10 to the Commission a fee at a rate equal to the trans-
11 action offsetting collection rate described in para-
12 graph (2) of the aggregate dollar amount of sales of
13 securities (other than bonds, debentures, other evi-
14 dences of indebtedness, and security futures prod-
15 ucts)—

16 “(A) transacted on such national securities
17 exchange; and

18 “(B) transacted by or through any member
19 of such association otherwise than on a national
20 securities exchange of securities that are—

21 “(i) registered on such an exchange;

22 or

23 “(ii) subject to prompt last sale re-
24 porting pursuant to the rules of the Com-
25 mission or a registered national securities
26 association.

1 “(2) FEE RATE.—

2 “(A) TRANSACTION OFFSETTING COLLEC-
3 TION RATE.—For purposes of this subsection,
4 the ‘transaction offsetting collection rate’ for a
5 fiscal year—

6 “(i) is the uniform rate required to
7 reach the transaction fee cap for that fiscal
8 year; and

9 “(ii) shall become effective on the
10 later of the beginning of that fiscal year or
11 30 days after the date of enactment of ap-
12 propriations legislation setting such rate.

13 “(B) TRANSACTION FEE CAP.—Subject to
14 subparagraph (C), for purposes of this para-
15 graph, the ‘transaction fee cap’ shall be equal
16 to—

17 “(i) \$915,000,000 for fiscal year
18 2002;

19 “(ii) \$1,115,000,000 for fiscal year
20 2003;

21 “(iii) \$1,340,000,000 for fiscal year
22 2004;

23 “(iv) \$1,665,000,000 for fiscal year
24 2005;

1 “(v) \$2,010,000,000 for fiscal year
2 2006;

3 “(vi) \$1,015,000,000 for fiscal year
4 2007;

5 “(vii) \$1,035,000,000 for fiscal year
6 2008;

7 “(viii) \$1,225,000,000 for fiscal year
8 2009;

9 “(ix) \$1,430,000,000 for fiscal year
10 2010; and

11 “(x) \$1,665,000,000 for fiscal year
12 2011 and each fiscal year thereafter.

13 “(C) REDUCTION.—The amounts specified
14 in clauses (i) through (x) of subparagraph (B)
15 shall be reduced by the amount of assessments
16 estimated to be collected by the Commission for
17 the subject fiscal year pursuant to subsection
18 (e).

19 “(c) LIMITATION; DEPOSIT OF FEES AND ASSESS-
20 MENTS.—

21 “(1) LIMITATION.—Except as provided in sub-
22 section (d), no amount may be collected pursuant to
23 subsection (b) or (e) for any fiscal year, except to
24 the extent provided in advance in appropriations
25 Acts.

1 “(2) DEPOSIT OF FEES AND ASSESSMENTS.—
2 Fees and assessments collected during any fiscal
3 year pursuant to this section shall be deposited and
4 credited as offsetting collections in accordance with
5 appropriations Acts.

6 “(d) LAPSE OF APPROPRIATIONS.—If, on the first
7 day of a fiscal year, a regular appropriation to the Com-
8 mission has not been enacted for that fiscal year, the Com-
9 mission shall, until such a regular appropriation is
10 enacted—

11 “(1) continue to collect fees (as offsetting col-
12 lections) under subsection (b) at the rate in effect
13 during the preceding fiscal year (prior to adjust-
14 ments, if any, under subsections (b) and (c) of sec-
15 tion 5 of the Competitive Market Supervision Act of
16 2001); and

17 “(2) continue to collect assessments (as offset-
18 ting collections) under subsection (e) at the assess-
19 ment rate in effect during the preceding fiscal
20 year.”;

21 (2) in subsection (e), by striking “Assessments
22 collected” and all that follows through the period;
23 and

1 (3) in subsection (f), by striking “(f)” and all
2 that follows through “paid—” and inserting the fol-
3 lowing:

4 “(f) DATES FOR PAYMENT OF FEES AND ASSESS-
5 MENTS.—The fees and assessments required by sub-
6 sections (b) and (e) shall be paid—”.

7 **SEC. 5. ADJUSTMENTS TO FEE RATES.**

8 (a) ESTIMATES OF COLLECTIONS.—

9 (1) FEE PROJECTIONS.—The Securities and
10 Exchange Commission (hereafter in this Act referred
11 to as the “Commission”) shall, 1 month after sub-
12 mission of its initial report under subsection (e)(1)
13 and on a monthly basis thereafter, project the aggre-
14 gate amount of fees and assessments from all
15 sources likely to be collected by the Commission dur-
16 ing the current fiscal year.

17 (2) SUBMISSION OF INFORMATION.—Each na-
18 tional securities exchange and national securities as-
19 sociation shall file with the Commission, not later
20 than 10 days after the end of each month—

21 (A) an estimate of the fee and the assess-
22 ment required to be paid pursuant to section 31
23 of the Securities Exchange Act of 1934 by such
24 national securities exchange or national securi-

1 ties association for transactions and sales oc-
2 curring during that month; and

3 (B) such other information and documents
4 as the Commission may require, as necessary or
5 appropriate to project the aggregate amount of
6 fees and assessments pursuant to paragraph
7 (1).

8 (b) FLOOR FOR TOTAL FEE AND ASSESSMENT COL-
9 LECTIONS.—If, at any time after the end of the first half
10 of the fiscal year, the Commission projects under sub-
11 section (a) that the aggregate amount of fees and assess-
12 ments collected by the Commission will, during that fiscal
13 year, fall below an amount equal to the floor for total fee
14 and assessment collections, the Commission may, by order,
15 subject to subsection (e) of this section, increase the fee
16 rate established under section 31(b)(2) of the Securities
17 Exchange Act of 1934, to the extent necessary to bring
18 estimated collections to an amount equal to the floor for
19 total fee collections. Such increase shall apply only to
20 transactions and sales occurring on or after the effective
21 date specified in such order through August 31 of that
22 fiscal year. Such increase shall not affect the obligation
23 of each national securities exchange and national securi-
24 ties association to pay to the Commission the fee required
25 by section 31(b) of the Securities Exchange Act of 1934,

1 at the fee rate in effect prior to the effective date of such
2 order for transactions and sales occurring prior to the ef-
3 fective date of such order. In exercising its authority under
4 this subsection, the Commission shall not be required to
5 comply with the provisions of section 553 of title 5, United
6 States Code.

7 (c) CAP ON TOTAL FEE AND ASSESSMENT COLLEC-
8 TIONS.—If, at any time after the end of the first half of
9 the fiscal year, the Commission projects under subsection
10 (a) that the aggregate amount of fees and assessments
11 collected by the Commission will exceed the cap on total
12 fee and assessment collections by more than 10 percent
13 during any fiscal year, the Commission shall, by order,
14 subject to subsection (e), decrease the fee rate established
15 under paragraph (2) of section 31(b) of the Securities Ex-
16 change Act of 1934, or suspend collection of fees under
17 that section 31(b), to the extent necessary to bring esti-
18 mated collections to an amount that is not more than 110
19 percent of the cap on total fee collections. Such decrease
20 or suspension shall apply only to transactions and sales
21 occurring on or after the effective date specified in such
22 order through August 31 of that fiscal year. Such decrease
23 or suspension shall not affect the obligation of each na-
24 tional securities exchange and national securities associa-
25 tion to pay to the Commission the fee required by section

1 31(b) of the Securities Exchange Act of 1934, at the fee
2 rate in effect prior to the effective date of such order for
3 transactions and sales occurring prior to the effective date
4 of such order. In exercising its authority under this sub-
5 section, the Commission shall not be required to comply
6 with the provisions of section 553 of title 5, United States
7 Code.

8 (d) DEFINITIONS.—For purposes of this section—

9 (1) the term “floor for total fee and assessment
10 collections” means the greater of—

11 (A) the total amount appropriated to the
12 Commission for fiscal year 2002 (adjusted an-
13 nually, based on the annual percentage change,
14 if any, in the Consumer Price Index for all
15 urban consumers, as published by the Depart-
16 ment of Labor); or

17 (B) the amount authorized for the Com-
18 mission pursuant to section 35 of the Securities
19 Exchange Act of 1934 (15 U.S.C. 78kk), if ap-
20 plicable; and

21 (2) the term “cap on total fee collections”
22 means—

23 (A) for fiscal years 2002 through 2011,
24 the baseline amount for aggregate offsetting
25 collections for such fiscal year under section

1 6(b) of the Securities Act of 1933 and section
2 31 of the Securities Exchange Act of 1934, as
3 projected for such fiscal year by the Congres-
4 sional Budget Office pursuant to section 257 of
5 the Balanced Budget and Emergency Deficit
6 Control Act of 1985 in its most recently pub-
7 lished report of its baseline projection before
8 the date of enactment of this Act; and

9 (B) for fiscal years 2012 and thereafter,
10 the amount authorized for the Commission pur-
11 suant to section 35 of the Securities Exchange
12 Act of 1934 (15 U.S.C. 78kk).

13 (e) REPORTS TO CONGRESS; JUDICIAL REVIEW; NO-
14 TICE.—

15 (1) INITIAL REPORT.—Not later than 90 days
16 after the date of enactment of this Act, the Commis-
17 sion shall report to the Committee on Banking,
18 Housing, and Urban Affairs of the Senate and the
19 Committee on Financial Services of the House of
20 Representatives to explain the methodology used by
21 the Commission to make projections under sub-
22 section (a). Not later than 30 days after the begin-
23 ning of each fiscal year, the Commission may report
24 to the Committee on Banking, Housing, and Urban
25 Affairs of the Senate and the Committee on Finan-

1 cial Services of the House of Representatives on re-
2 visions to the methodology used by the Commission
3 to make projections under subsection (a) for such
4 fiscal year and subsequent fiscal years.

5 (2) JUDICIAL REVIEW; REPORTS OF INTENT TO
6 ACT.—The determinations made and the actions
7 taken by the Commission under this subsection shall
8 not be subject to judicial review. Not later than 45
9 days before taking action under subsection (b) or
10 (c), the Commission shall report to the Committee
11 on Banking, Housing, and Urban Affairs of the Sen-
12 ate and the Committee on Financial Services of the
13 House of Representatives on its intent to take such
14 action.

15 (3) NOTICE.—Not later than 30 days before
16 taking action under subsection (b) or (c), the Com-
17 mission shall notify each national securities ex-
18 change and national securities association of its in-
19 tent to take such action.

20 **SEC. 6. COMPARABILITY PROVISIONS.**

21 (a) COMMISSION DEMONSTRATION PROJECT.—Sub-
22 part C of part III of title 5, United States Code, is amend-
23 ed by adding at the end the following:

1 **“CHAPTER 48—AGENCY PERSONNEL**
 2 **DEMONSTRATION PROJECT**

“Sec.

“4801. Nonapplicability of chapter 47.

“4802. Securities and Exchange Commission.

3 **“§ 4801. Nonapplicability of chapter 47.**

4 “Chapter 47 shall not apply to this chapter.

5 **“§ 4802. Securities and Exchange Commission**

6 “(a) In this section, the term ‘Commission’ means the
 7 Securities and Exchange Commission.

8 “(b) The Commission may appoint and fix the com-
 9 pensation of such officers, attorneys, economists, exam-
 10 iners, and other employees as may be necessary for car-
 11 rying out its functions under the securities laws as defined
 12 under section 3 of the Securities Exchange Act of 1934
 13 (15 U.S.C. 78c).

14 “(c) Rates of basic pay for all employees of the Com-
 15 mission may be set and adjusted by the Commission with-
 16 out regard to the provisions of chapter 51 or subchapter
 17 III of chapter 53.

18 “(d) The Commission may provide additional com-
 19 pensation and benefits to employees of the Commission if
 20 the same type of compensation or benefits are then being
 21 provided by any agency referred to under section 1206 of
 22 the Financial Institutions Reform, Recovery, and Enforce-
 23 ment Act of 1989 (12 U.S.C. 1833b) or, if not then being

1 provided, could be provided by such an agency under ap-
2 plicable provisions of law, rule, or regulation. In setting
3 and adjusting the total amount of compensation and bene-
4 fits for employees, the Commission shall consult with, and
5 seek to maintain comparability with, the agencies referred
6 to under section 1206 of the Financial Institutions Re-
7 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.
8 1833b).

9 “(e) The Commission shall consult with the Office of
10 Personnel Management in the implementation of this sec-
11 tion.

12 “(f) This section shall be administered consistent
13 with merit system principles.”.

14 (b) EMPLOYEES REPRESENTED BY LABOR ORGANI-
15 ZATIONS.—To the extent that any employee of the Securi-
16 ties and Exchange Commission is represented by a labor
17 organization with exclusive recognition in accordance with
18 chapter 71 of title 5, United States Code, no reduction
19 in base pay of such employee shall be made by reason of
20 enactment of this section (including the amendments
21 made by this section).

22 (c) IMPLEMENTATION PLAN AND REPORT.—

23 (1) IMPLEMENTATION PLAN.—

24 (A) IN GENERAL.—The Securities and Ex-
25 change Commission shall develop a plan to im-

1 plement section 4802 of title 5, United States
2 Code, as added by this section.

3 (B) INCLUSION IN ANNUAL PERFORMANCE
4 PLAN AND REPORT.—The Securities and Ex-
5 change Commission shall include—

6 (i) the plan developed under this para-
7 graph in the annual program performance
8 plan submitted under section 1115 of title
9 31, United States Code; and

10 (ii) the effects of implementing the
11 plan developed under this paragraph in the
12 annual program performance report sub-
13 mitted under section 1116 of title 31,
14 United States Code.

15 (2) IMPLEMENTATION REPORT.—

16 (A) IN GENERAL.—Before implementing
17 the plan developed under paragraph (1), the Se-
18 curities and Exchange Commission shall submit
19 a report to the Committee on Governmental Af-
20 fairs and the Committee on Banking, Housing,
21 and Urban Affairs of the Senate, the Com-
22 mittee on Government Reform and the Com-
23 mittee on Financial Services of the House of
24 Representatives, and the Office of Personnel
25 Management on the details of the plan.

1 (B) CONTENT.—The report under this
2 paragraph shall include—

- 3 (i) evidence and supporting docu-
4 mentation justifying the plan; and
- 5 (ii) budgeting projections on costs and
6 benefits resulting from the plan.

7 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

8 (1) AMENDMENTS TO TITLE 5, UNITED STATES
9 CODE.—

10 (A) The table of chapters for part III of
11 title 5, United States Code, is amended by add-
12 ing at the end of subpart C the following:

“48. Agency Personnel Demonstration Project 4801.”.

13 (B) Section 3132(a)(1) of title 5, United
14 States Code, is amended—

- 15 (i) in subparagraph (C), by striking
16 “or” after the semicolon;
- 17 (ii) in subparagraph (D), by inserting
18 “or” after the semicolon; and
- 19 (iii) by adding at the end the fol-
20 lowing:

21 “(E) the Securities and Exchange Commis-
22 sion;”.

23 (C) Section 5373(a) of title 5, United
24 States Code, is amended—

1 (i) in paragraph (2), by striking “or”
2 after the semicolon;

3 (ii) in paragraph (3), by striking the
4 period and inserting “; or”; and

5 (iii) by adding at the end the fol-
6 lowing:

7 “(4) section 4802.”.

8 (2) AMENDMENT TO SECURITIES AND EX-
9 CHANGE ACT OF 1934.—Section 4(b) of the Securi-
10 ties Exchange Act of 1934 (15 U.S.C. 78d(b)) is
11 amended by striking paragraphs (1) and (2) and in-
12 serting the following:

13 “(1) APPOINTMENT AND COMPENSATION.—The
14 Commission shall appoint and compensate officers,
15 attorneys, economists, examiners, and other employ-
16 ees in accordance with section 4802 of title 5,
17 United States Code.

18 “(2) REPORTING OF INFORMATION.—In estab-
19 lishing and adjusting schedules of compensation and
20 benefits for officers, attorneys, economists, exam-
21 iners, and other employees of the Commission under
22 applicable provisions of law, the Commission shall
23 inform the heads of the agencies referred to under
24 section 1206 of the Financial Institutions Reform,
25 Recovery, and Enforcement Act of 1989 (12 U.S.C.

1 1833b) and Congress of such compensation and ben-
2 efits and shall seek to maintain comparability with
3 such agencies regarding compensation and bene-
4 fits.”.

5 (3) AMENDMENT TO FIRREA OF 1989.—Section
6 1206 of the Financial Institutions Reform, Recov-
7 ery, and Enforcement Act of 1989 (12 U.S.C.
8 1833b) is amended by striking “the Thrift Depositor
9 Protection Oversight Board of the Resolution Trust
10 Corporation”.

11 **SEC. 7. STUDY OF THE EFFECT OF FEE REDUCTIONS.**

12 (a) STUDY.—The Office of Economic Analysis of the
13 Securities and Exchange Commission (hereinafter referred
14 to as the “Office”) shall conduct a study of the extent
15 to which the benefits of reductions in fees effected as a
16 result of this Act are passed on to investors.

17 (b) FACTORS FOR CONSIDERATION.—In conducting
18 the study under subsection (a), the Office shall—

19 (1) consider all of the various elements of the
20 securities industry directly and indirectly benefitting
21 from the fee reductions, including purchasers and
22 sellers of securities, members of national securities
23 exchanges, issuers, broker-dealers, underwriters, par-
24 ticipants in investment companies, retirement pro-
25 grams, and others;

1 (2) evaluate the impact on different types of in-
2 vestors, such as individual equity holders, individual
3 investment company shareholders, businesses, and
4 other types of investors;

5 (3) include in the interpretation of the term
6 “investor” shareholders of entities subject to the fee
7 reductions; and

8 (4) consider the economic benefits to investors
9 flowing from the fee reductions to include such fac-
10 tors as market efficiency, expansion of investment
11 opportunities, and enhanced liquidity and capital
12 formation.

13 (c) REPORT TO CONGRESS.—Not later than 2 years
14 after the date of enactment of this Act, the Securities and
15 Exchange Commission shall submit to the Congress the
16 report prepared by the Office on the results of the study
17 conducted under subsection (a).

18 **SEC. 8. EFFECTIVE DATE.**

19 (a) IN GENERAL.—Subject to subsection (b), this Act
20 and the amendments made by this Act shall become effec-
21 tive on October 1, 2001.

22 (b) EXCEPTIONS.—The authorities provided by sec-
23 tion 13(e)(3)(D), section 14(g)(1)(D), section
24 14(g)(3)(D), and section 31(d) of the Securities Exchange

- 1 Act of 1934, as so designated by this Act, shall not apply
- 2 until October 1, 2002.

Passed the Senate March 22, 2001.

Attest:

Secretary.

107TH CONGRESS
1ST SESSION

S. 143

AN ACT

To amend the Securities Act of 1933 and the Securities Exchange Act of 1934, to reduce securities fees in excess of those required to fund the operations of the Securities and Exchange Commission, to adjust compensation provisions for employees of the Commission, and for other purposes.

S 143 ES—2

S 143 ES—3

S 143 ES—4

S 143 ES—5