CHAPTER 2B—SECURITIES EXCHANGES

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§ 78a. Short title

This chapter may be cited as the “Securities Exchange Act of 1934.”

(June 6, 1934, ch. 404, title I, § 1, 48 Stat. 881.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “This Act” meaning the Securities Exchange Act of 1934, act June 6, 1934, ch. 404. The act was divided into two titles as follows: “Title I—Regulation of Securities Exchanges” and “Title II—Amendments to Securities Act of 1933.” This section was section 1 of title I of the Act, which title, as amended, is set out as sections 78a to 78d–5, 78e to 78l, 78m, 78n–1, 78n to 78o, 78o–3, 78o–4, 78o–5 to 78o–7, 78o–10 to 78u–6, 78v to 78dd–1, 78ee to 78hh, 78mm, 78pp, and 78qq of this title. Sections 78kk, 78ll,
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Short Title of 1990 Amendments

Pub. L. 101–550, § 1, Nov. 15, 1990, 104 Stat. 2713, provided that: "This title [amending sections 77b, 77c, 77f, 77g, 78c, 78d, 78k–1, 78k, 78k–4, 78q, 78u, 78w, 78x, 78y, 78zz, 79z–3, 79z–4, 79z–5, 79z–6, 79z–10, 80a–2, 80a–3, 80a–4, 80a–41, 80a–45, 80b–2, 80b–3, 80b–5, 80b–9, 80b–10, 80b–12, 80b–14, 80b–16, 80b–18, 80b–20, 80b–21, 80b–22, 80b–24, 80b–26, 80b–28, 80b–35, 80b–41, 80b–52, 80b–53, 80b–54, 80b–56, 80b–2, 80b–3, 80b–5, 80b–9, 80b–11, 80b–13, and 80b–14 of this title, and repealing sections 78k–1, 78k–2, and 78k–3 of this title] may be cited as the ‘Securities Acts Amendments of 1990’."
CONGRESSIONAL FINDINGS OF 1996 AMENDMENT

“(1) the Private Securities Litigation Reform Act of 1995 [see Short Title of 1996 Amendment note above] sought to prevent abuses in private securities fraud lawsuits;

“(2) since enactment of that legislation, considerable evidence has been presented to Congress that a number of securities class action lawsuits have shifted from Federal to State courts;

“(3) this shift has prevented that Act from fully achieving its objectives;

“(4) State securities regulation is of continuing importance, together with Federal regulation of securities, to protect investors and promote strong financial markets; and

“(5) in order to prevent certain State private securities class action lawsuits alleging fraud from being used to frustrate the objectives of the Private Securities Litigation Reform Act of 1995, it is appropriate to enact national standards for securities class action lawsuits involving nationally traded securities, while preserving the appropriate enforcement powers of State securities regulators and not altering the current treatment of individual lawsuits.”

OBJECTIVES OF 1996 AMENDMENT

“(1) to authorize appropriations for the Commission for fiscal year 1997; and

“(2) to reduce over time the rates of fees charged under the Federal securities laws.”

DEFINITIONS

“(1) the term ‘Commission’ means the Securities and Exchange Commission; and

“(2) the term ‘State’ has the same meaning as in section 3 of the Securities Exchange Act of 1934 [15 U.S.C. 78c].”

§ 78b. Necessity for regulation

For the reasons hereinafter enumerated, transactions in securities as commonly conducted upon securities exchanges and over-the-counter markets are affected with a national public interest which makes it necessary to provide for regulation and control of such transactions and of practices and matters related thereto, including transactions by officers, directors, and principal security holders, to require appropriate reports, to remove impediments to and perfect the mechanisms of a national market system for securities and a national system for the clearance and settlement of securities transactions and the safeguarding of securities and funds related thereto, and to impose requirements necessary to make such regulation and control reasonably complete and effective, in order to protect interstate commerce, the national credit, the Federal taxing power, to protect and make more effective the national banking system and Federal Reserve System, and to insure the maintenance of fair and honest markets in such transactions:

(1) Such transactions (a) are carried on in large volume by the public generally and in large part originate outside the States in which the exchanges and over-the-counter markets are located and/or are effected by means of the mails and instrumentalities of interstate commerce; (b) constitute an important part of the current of interstate commerce; (c) involve in large part the securities of issuers engaged in interstate commerce; (d) involve the use of credit, directly or indirectly, in financing of trade, industry, and transportation in interstate commerce, and directly affect and influence the volume of interstate commerce; and affect the national credit.

(2) The prices established and offered in such transactions are generally disseminated and quoted throughout the United States and foreign countries and constitute a basis for determining and establishing the prices at which securities are bought and sold, the amount of certain taxes owing to the United States and to the several States by owners, buyers, and sellers of securities, and the value of collateral for bank loans.

(3) Frequently the prices of securities on such exchanges and markets are susceptible to manipulation and control, and the dissemination of such prices gives rise to excessive speculation, resulting in sudden and unreasonable fluctuations in the prices of securities which (a) cause alternately unreasonable expansion and unreasonable contraction of the volume of credit available for trade, transportation, and industry in interstate commerce, (b) hinder the proper appraisal of the value of securities and thus prevent a fair calculation of taxes owing to the United States and to the several States by owners, buyers, and sellers of securities, and (c) prevent the fair valuation of collateral for bank loans and/or obstruct the effective operation of the national banking system and Federal Reserve System.

(4) National emergencies, which produce widespread unemployment and the dislocation of trade, transportation, and industry, and which burden interstate commerce and adversely affect the general welfare, are precipitated, intensified, and prolonged by manipulation and sudden and unreasonable fluctuations of security prices and by excessive speculation on such exchanges and markets, and to meet such emergencies the Federal Government is put to such great expense as to burden the national credit.


Editorial Notes

AMENDMENTS

1975—Pub. L. 94–29 inserted “to remove impediments to and perfect the mechanisms of a national market system for securities and a national system for the clearance and settlement of securities transactions and the safeguarding of securities and funds related thereto,” after “require appropriate reports,” in introductory provisions.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2010 AMENDMENT
Amendment by Pub. L. 111–203 effective 1 day after July 21, 2010, except as otherwise provided, see section