

105TH CONGRESS
1ST SESSION

H. R. 2772

To establish an Office of National Security within the Securities and Exchange Commission, provide for the monitoring of the extent of foreign involvement in United States securities markets, financial institutions, and pension funds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 29, 1997

Mr. SOLOMON introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on International Relations, Banking and Financial Services, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish an Office of National Security within the Securities and Exchange Commission, provide for the monitoring of the extent of foreign involvement in United States securities markets, financial institutions, and pension funds, 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; DEFINITIONS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “U.S. Market Security Act of 1997”.

1 (b) DEFINITIONS.—For purposes of this Act—

2 (1) the term “Commission” means the Securi-
3 ties and Exchange Commission;

4 (2) the term “Director” means the director of
5 the Office of National Security established under
6 this Act;

7 (3) the term “Federal banking agency” has the
8 same meaning as in section 3 of the Federal Deposit
9 Insurance Act;

10 (4) the term “foreign bank” has the same
11 meaning as in section 1 of the International Bank-
12 ing Act of 1978;

13 (5) the term “Office” means the Office of Na-
14 tional Security established under this Act;

15 (6) the term “securities laws” has the same
16 meaning as in section 3 of the Securities Exchange
17 Act of 1934; and

18 (7) the term “securities offering” has the mean-
19 ing given that term by the Commission.

20 **SEC. 2. ESTABLISHMENT OF OFFICE.**

21 There is established within the Securities and Ex-
22 change Commission the Office of National Security.

1 **SEC. 3. DIRECTOR.**

2 The Office shall be headed by a Director, selected by
3 the Commission, in consultation with the appropriate com-
4 mittees of Congress.

5 **SEC. 4. FUNCTIONS.**

6 (a) SECURITIES ACTIVITIES OF FOREIGN OR FOR-
7 EIGN CONTROLLED ENTITIES.—The functions of the Of-
8 fice shall be to review and monitor securities offerings by
9 foreign governments and by any person or entity that the
10 Office has reason to believe is an agent for or is controlled,
11 in whole or in part, directly or indirectly, by a foreign gov-
12 ernment or any political subdivision of a foreign govern-
13 ment.

14 (b) REPORTS TO CONGRESS.—

15 (1) IN GENERAL.—The Office shall submit a
16 quarterly report to the Committees on Banking,
17 Housing, and Urban Affairs and Foreign Relations
18 of the Senate and the Select Committee on Intel-
19 ligence of the Senate, and the Committees on Bank-
20 ing and Financial Services and International Rela-
21 tions of the House of Representatives and the Per-
22 manent Select Committee on Intelligence of the
23 House of Representatives regarding the amount of
24 securities offerings by foreign governments and
25 other persons and entities described in subsection
26 (a) that have occurred during the preceding quarter,

1 or are planned to be offered in the next occurring
2 quarter.

3 (2) ACCESSIBILITY OF INFORMATION.—The Of-
4 fice may, by rule, regulation, or order, take such ac-
5 tion as may be necessary to collect information nec-
6 essary to complete the reports required under para-
7 graph (1).

8 (c) NOTIFICATION TO CHAIRMAN.—The Director
9 shall promptly notify the Chairman of the Commission of
10 any information that the Director has reason to believe
11 indicates a violation or possible violation of the securities
12 laws by any person or entity described in subsection (a).

13 **SEC. 5. ANNUAL REPORT BY FEDERAL BANKING AGENCIES.**

14 (a) IN GENERAL.—Each Federal banking agency
15 shall prepare and submit to the appropriate committees
16 of Congress an annual report regarding the number of for-
17 eign banks operating in the United States that the agency
18 has reason to believe is controlled, in whole or in part,
19 directly or indirectly, by a foreign government or any polit-
20 ical subdivision of a foreign government.

21 (b) ACCESSIBILITY OF INFORMATION.—The Federal
22 banking agencies may, by rule, regulation, or order, take
23 such action as may be necessary to collect information nec-
24 essary to complete the reports required under subsection
25 (a).

1 **SEC. 6. ANNUAL REPORT BY PENSION BENEFIT GUARANTY**
2 **CORPORATION.**

3 (a) IN GENERAL.—The Pension Benefit Guaranty
4 Corporation shall prepare and submit to the appropriate
5 committees of Congress an annual report regarding the
6 extent of United States pension fund assets that represent
7 interests in any person, entity, or foreign government de-
8 scribed in section 4(a).

9 (b) ACCESSIBILITY TO INFORMATION.—The Pension
10 Benefit Guaranty Corporation may, by rule, regulation, or
11 order, take such action as may be necessary to collect in-
12 formation necessary to complete the reports required
13 under subsection (a).

14 **SEC. 7. INTERNATIONAL NEGOTIATIONS.**

15 The Secretary of State and the Secretary of the
16 Treasury are directed to enter into negotiations to con-
17 clude agreements with other nations that are allied with
18 the United States, including Japan and members of the
19 European Union, to institute in those nations reporting
20 requirements similar to those imposed by this Act. Within
21 one year from the date of enactment, the State Depart-
22 ment and the Treasury Department shall report to Con-
23 gress on the progress of negotiations required pursuant
24 to this section.

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