

107TH CONGRESS  
1ST SESSION

# H. R. 1480

To amend the Securities Exchange Act of 1934 to reduce fees on securities transactions.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2001

Mr. LAFALCE (for himself, Mr. KANJORSKI, Mr. FRANK, Ms. WATERS, Mr. TOWNS, Mr. DINGELL, and Mr. MARKEY) introduced the following bill; which was referred to the Committee on Financial Services

---

## A BILL

To amend the Securities Exchange Act of 1934 to reduce fees on securities transactions.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Fairness in Securities  
5       Transactions Act”.

6       **SEC. 2. IMMEDIATE FEE REDUCTION.**

7       Section 31 of the Securities Exchange Act of 1934  
8       (15 U.S.C. 78ee) is amended by striking “1/300 of one  
9       percent” each place it appears and inserting “1/500 of one  
10      percent”.

1 **SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PRO-**  
 2 **VISIONS; ADDITIONAL FEE REDUCTIONS.**

3 (a) POOLING AND ALLOCATION OF COLLECTIONS.—  
 4 Section 31 of the Securities Exchange Act of 1934 (15  
 5 U.S.C. 78ee) is further amended—

6 (1) in subsection (b)—

7 (A) by striking “Every” and inserting  
 8 “Subject to subsection (i), each”; and

9 (B) by striking the last sentence;

10 (2) by striking subsection (c);

11 (3) in subsection (d)—

12 (A) by striking paragraphs (2) and (3);

13 (B) by striking the following:

14 “(d) OFF-EXCHANGE TRADES OF LAST-SALE-RE-  
 15 PORTED SECURITIES.—

16 “(1) COVERED TRANSACTIONS.—Each national  
 17 securities”

18 and inserting the following:

19 “(c) OFF-EXCHANGE TRADES OF EXCHANGE REG-  
 20 ISTERED AND LAST-SALE-REPORTED SECURITIES.—Sub-  
 21 ject to subsection (i), each national securities”;

22 (C) by inserting “registered on a national  
 23 securities exchange or” after “security futures  
 24 products”;

25 (D) by striking “, excluding any sales for  
 26 which a fee is paid under subsection (c)”;

1 (4) by redesignating subsections (e) through (h)  
2 as subsections (d) through (g), respectively;

3 (5) in subsection (e) (as redesignated by para-  
4 graph (4)), by striking “(b), (c), and (d)” and in-  
5 serting “(b) and (c)”; and

6 (6) by adding at the end the following new sub-  
7 section:

8 “(h) DEPOSIT OF FEES.—

9 “(1) OFFSETTING COLLECTIONS.—Fees col-  
10 lected pursuant to subsections (b) and (c) for any  
11 fiscal year—

12 “(A) shall be deposited and credited as off-  
13 setting collections to the account providing ap-  
14 propriations to the Commission, except that the  
15 amount so deposited and credited for fiscal  
16 years 2007 through 2011 shall not exceed the  
17 target offsetting collection amount for such fis-  
18 cal year; and

19 “(B) shall not be collected for any fiscal  
20 year except to the extent provided in advance in  
21 appropriation Acts.

22 “(2) GENERAL REVENUES.—Fees collected pur-  
23 suant to subsections (b) and (c) for fiscal years  
24 2007 through 2011 in excess of the amount depos-  
25 ited and credited as offsetting collections pursuant

1 to paragraph (1) for such fiscal year shall be depos-  
 2 ited and credited as general revenue of the Treasury.  
 3 No fees collected pursuant to such subsections for  
 4 fiscal years 2002 through 2006, fiscal year 2012, or  
 5 any succeeding fiscal year shall be deposited and  
 6 credited as general revenue of the Treasury.”.

7 (b) ADDITIONAL REDUCTIONS OF FEES.—

8 (1) AMENDMENT.—Section 31 of the Securities  
 9 Exchange Act of 1934 (15 U.S.C. 78ee) is further  
 10 amended by adding after subsection (h) (as added  
 11 by subsection (a)(6)) the following new subsections:

12 “(i) RECAPTURE OF PROJECTION WINDFALLS FOR  
 13 FURTHER RATE REDUCTIONS.—

14 “(1) ANNUAL ADJUSTMENT.—For each of the  
 15 fiscal years 2003 through 2011, the Commission  
 16 shall by order adjust each of the rates applicable  
 17 under subsections (b) and (c) for such fiscal year to  
 18 a uniform adjusted rate that, when applied to the  
 19 baseline estimate of the aggregate dollar amount of  
 20 sales for such fiscal year, is reasonably likely to  
 21 produce aggregate fee collections under this section  
 22 that are equal to the sum of—

23 “(A) the target offsetting collection  
 24 amount for such fiscal year; and

1                   “(B) the target general revenue amount  
2                   for such fiscal year.

3                   “(2) FINAL RATE ADJUSTMENT.—For fiscal  
4                   year 2012 and all of the succeeding fiscal years, the  
5                   Commission shall by order adjust each of the rates  
6                   applicable under subsections (b) and (c) for all of  
7                   such fiscal years to a uniform adjusted rate that,  
8                   when applied to the baseline estimate of the aggre-  
9                   gate dollar amount of sales for fiscal year 2012, is  
10                  reasonably likely to produce aggregate fee collections  
11                  under this section in fiscal year 2012 equal to the  
12                  target offsetting collection amount for fiscal year  
13                  2011.

14                  “(3) LIMITATION ON RATE ADJUSTMENT.—  
15                  Notwithstanding paragraphs (1) and (2), no ad-  
16                  justed rate established under this subsection for any  
17                  fiscal year shall exceed the rate that would otherwise  
18                  be applicable under subsections (b) and (c) for such  
19                  fiscal year.

20                  “(4) REVIEW AND EFFECTIVE DATE.—An ad-  
21                  justed rate prescribed under paragraph (1) or (2)  
22                  and published under subsection (g) shall not be sub-  
23                  ject to judicial review. Subject to subsections  
24                  (h)(1)(B) and (j), an adjusted rate prescribed under  
25                  paragraph (1) shall take effect on the first day of

1 the fiscal year to which such rate applies and an ad-  
 2 justed rate prescribed under paragraph (2) shall  
 3 take effect on the first day of fiscal year 2012.

4 “(j) LAPSE OF APPROPRIATION.—If on the first day  
 5 of a fiscal year a regular appropriation to the Commission  
 6 has not been enacted, the Commission shall continue to  
 7 collect fees (as offsetting collections) under subsections (b)  
 8 and (c) at the rate in effect during the preceding fiscal  
 9 year, until such a regular appropriation is enacted.

10 “(k) DEFINITIONS.—For purposes of this section:

11 “(1) TARGET OFFSETTING COLLECTION  
 12 AMOUNT.—The target offsetting collection amount is  
 13 an amount equal to—

14 “(A) \$976,000,000 for fiscal year 2002;

15 “(B) \$1,132,000,000 for fiscal year 2003;

16 “(C) \$1,370,000,000 for fiscal year 2004;

17 “(D) \$1,627,000,000 for fiscal year 2005;

18 “(E) \$1,913,000,000 for fiscal year 2006;

19 “(F) \$1,110,000,000 for fiscal year 2007;

20 “(G) \$1,144,000,000 for fiscal year 2008;

21 “(H) \$1,327,000,000 for fiscal year 2009;

22 “(I) \$1,523,000,000 for fiscal year 2010;

23 and

24 “(J) \$1,745,000,000 for fiscal year 2011.

1 “(2) TARGET GENERAL REVENUE AMOUNT.—

2 The target general revenue amount is an amount  
3 equal to—

4 “(A) zero for each of the fiscal years 2002  
5 through 2006;

6 “(B) \$463,000,000 for fiscal year 2007;

7 “(C) \$449,000,000 for fiscal year 2008;

8 “(D) \$500,000,000 for fiscal year 2009;

9 “(E) \$551,000,000 for fiscal year 2010;

10 and

11 “(F) \$614,000,000 for fiscal year 2011.

12 “(3) BASELINE ESTIMATE OF THE AGGREGATE

13 DOLLAR AMOUNT OF SALES.—The baseline estimate

14 of the aggregate dollar amount of sales for any fiscal

15 year is the baseline estimate of the aggregate dollar

16 amount of sales of securities (other than bonds, de-

17 bentures, other evidences of indebtedness, and secu-

18 rity futures products) to be transacted on each na-

19 tional securities exchange and by or through any

20 member of each national securities association (oth-

21 erwise than on a national securities exchange) dur-

22 ing such fiscal year as determined by the Congres-

23 sional Budget Office in making projections pursuant

24 to section 257 of the Balanced Budget and Emer-

25 gency Deficit Control Act of 1985 and as contained

1 in the projection required to be made in March of  
 2 the preceding fiscal year.”.

3 (2) CONFORMING AMENDMENT.—Section 31(g)  
 4 of such Act is amended by inserting before the pe-  
 5 riod at the end the following: “not later than April  
 6 30 of the fiscal year preceding the fiscal year to  
 7 which such rate applies”.

8 **SEC. 4. PAY PARITY PROVISIONS.**

9 (a) SECURITIES AND EXCHANGE COMMISSION EM-  
 10 PLOYEES.—Section 4(b) of the Securities Exchange Act  
 11 of 1934 (15 U.S.C. 78d(b)) is amended—

12 (1) by striking paragraphs (1) and (2) and by  
 13 inserting the following:

14 “(1) APPOINTMENT, COMPENSATION, AND BEN-  
 15 EFITS.—

16 “(A) IN GENERAL.—The Commission may  
 17 appoint and fix the compensation of such offi-  
 18 cers, attorneys, economists, examiners, and  
 19 other employees as may be necessary for car-  
 20 rying out its functions under this Act.

21 “(B) RATES OF PAY.—Rates of basic pay  
 22 for all employees of the Commission may be set  
 23 and adjusted by the Commission without regard  
 24 to the provisions of chapter 51 or subchapter  
 25 III of chapter 53 of title 5, United States Code.



1           “(C) ADDITIONAL COMPENSATION AND  
2 BENEFITS.—The Commission may provide addi-  
3 tional compensation and benefits to employees  
4 of the Commission if the same type of com-  
5 pensation or benefits are then being provided by  
6 any agency referred to under section 1206 of  
7 the Financial Institutions Reform, Recovery,  
8 and Enforcement Act of 1989 or, if not then  
9 being provided, could be provided by such an  
10 agency under applicable provisions of law, rule,  
11 or regulation.

12           “(2) INFORMATION; COMPARABILITY.—In es-  
13 tablishing and adjusting schedules of compensation  
14 and additional benefits for employees of the Com-  
15 mission, which are to be determined solely by the  
16 Commission under this subsection, the  
17 Commission—

18           “(A) shall consult with and inform the  
19 heads of the agencies referred to under section  
20 1206 of the Financial Institutions Reform, Re-  
21 covery, and Enforcement Act of 1989;

22           “(B) shall inform the Congress of such  
23 compensation and benefits; and

1           “(C) shall seek to maintain comparability  
2           with such agencies regarding compensation and  
3           benefits.”.

4       (b) TECHNICAL AMENDMENTS.—

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

7           (A) in subparagraph (C), by striking “or”  
8           after the semicolon;

9           (B) in subparagraph (D), by inserting ‘or’  
10          after the semicolon; and

11          (C) by adding at the end of the following:

12           “(E) the Securities and Exchange Commis-  
13          sion.”.

14          (2) Section 5373(a) of title 5, United States  
15       Code, is amended—

16          (A) in paragraph (2), by striking “or”  
17          after the semicolon;

18          (B) in paragraph (3), by striking the pe-  
19          riod and inserting “; or”; and

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

21           “(4) section 4(b) of the Securities Exchange  
22       Act of 1934.”.

1 **SEC. 5. EFFECTIVE DATES.**

2 (a) FEE PROVISIONS.—The amendments made by  
3 sections 2 and 3 of this Act shall take effect on October  
4 1, 2001.

5 (b) PAY PARITY.—

6 (1) IN GENERAL.—Except as provided in para-  
7 graph (2), the amendments made by section 4 shall  
8 take effect on the date of enactment of this Act.

9 (2) EXCEPTION.—The amendments made by  
10 section 4(b)(1) shall take effect as of such date as  
11 the Securities and Exchange Commission shall (by  
12 order published in the Federal Register) prescribe,  
13 but in no event later than 1 year after the date of  
14 enactment of this Act.

○