

**Calendar No. 63**

103D CONGRESS  
1ST SESSION

**H. R. 616**

**AN ACT**

To amend the Securities Exchange Act of 1934 to permit members of national securities exchanges to effect certain transactions with respect to accounts for which such members exercise investment discretion.

MAY 6 (legislative day, APRIL 19), 1993

Read twice and ordered placed on the calendar

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IN THE SENATE OF THE UNITED STATES

MAY 5 (legislative day, APRIL 19), 1993

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**AN ACT**

To amend the Securities Exchange Act of 1934 to permit members of national securities exchanges to effect certain transactions with respect to accounts for which such members exercise investment discretion.

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. PROHIBITED TRANSACTIONS.**

4 Section 11(a)(1) of the Securities Exchange Act of  
5 1934 (15 U.S.C. 78k(a)(1)) is amended—

6 (1) in subparagraph (E), by striking “(other  
7 than an investment company)”;

1           (2) by striking “and” at the end of subpara-  
2           graph (G);

3           (3) by redesignating subparagraph (H) as sub-  
4           paragraph (I); and

5           (4) by inserting after subparagraph (G) the fol-  
6           lowing new subparagraph:

7           “(H) any transaction for an account with re-  
8           spect to which such member or an associated person  
9           thereof exercises investment discretion if such mem-  
10          ber—

11                 “(i) has obtained, from the person or per-  
12                 sons authorized to transact business for the ac-  
13                 count, express authorization for such member  
14                 or associated person to effect such transactions  
15                 prior to engaging in the practice of effecting  
16                 such transactions;

17                 “(ii) furnishes the person or persons au-  
18                 thorized to transact business for the account  
19                 with a statement at least annually disclosing  
20                 the aggregate compensation received by the ex-  
21                 change member in effecting such transactions;  
22                 and

1                   “(iii) complies with any rules the Commis-  
2                   sion has prescribed with respect to the require-  
3                   ments of clauses (i) and (ii); and”.

Passed the House of Representatives May 4, 1993.

Attest:           DONNALD K. ANDERSON,  
*Clerk.*