

Union Calendar No. 145

103D CONGRESS
1ST SESSION

H. R. 618

[Report No. 103-2551]

A BILL

To extend and revise rulemaking authority with respect to government securities under the Federal securities laws, and for other purposes.

SEPTEMBER 23, 1993

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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[Report No. 103-255]

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1993

Mr. MARKEY (for himself, Mr. FIELDS of Texas, Mr. DINGELL, Mr. WYDEN, Mr. SYNAR, and Mr. COOPER) introduced the following bill; which was referred to the Committee on Energy and Commerce

SEPTEMBER 23, 1993

Additional sponsor: Mr. MOORHEAD.

SEPTEMBER 23, 1993

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on January 26, 1993]

A BILL

To extend and revise rulemaking authority with respect to government securities under the Federal securities laws, 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,*

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Government Securities*
3 *Reform Act of 1993”.*

4 **SEC. 2. EXTENSION OF GOVERNMENT SECURITIES RULE-**
5 **MAKING AUTHORITY.**

6 *Section 15C of the Securities Exchange Act of 1934*
7 *(15 U.S.C. 78o-5) is amended by striking subsection (g).*

8 **SEC. 3. TRANSACTION RECORDS.**

9 *(a) AMENDMENT.—Section 15C(d) of the Securities*
10 *Exchange Act of 1934 (15 U.S.C. 78o-5(d)) is amended by*
11 *adding at the end thereof the following new paragraph:*

12 *“(3) GOVERNMENT SECURITIES TRADE RECONSTRUC-*
13 *TION.—*

14 *“(A) FURNISHING RECORDS.—Every government*
15 *securities broker and government securities dealer*
16 *shall furnish to the Commission on request such*
17 *records of government securities transactions, includ-*
18 *ing records of the date and time of execution of*
19 *trades, as the Commission may require to reconstruct*
20 *trading in the course of a particular inquiry or inves-*
21 *tigation being conducted by the Commission. In re-*
22 *quiring information pursuant to this paragraph, the*
23 *Commission shall specify the information required,*
24 *the period for which it is required, the time and date*
25 *on which the information must be furnished, and*
26 *whether the information is to be furnished directly to*

1 *the Commission, to the Federal Reserve Bank of New*
2 *York, or to an appropriate regulatory agency or self-*
3 *regulatory organization with responsibility for exam-*
4 *ining the government securities broker or government*
5 *securities dealer. The Commission may require that*
6 *such information be furnished in machine readable*
7 *form notwithstanding any limitation in subpara-*
8 *graph (B).*

9 “(B) *LIMITATION; CONSTRUCTION.—The Com-*
10 *mission shall not utilize its authority under this*
11 *paragraph to develop regular reporting requirements,*
12 *except that the Commission may require information*
13 *to be furnished under this paragraph as frequently as*
14 *necessary for particular inquiries or investigations.*
15 *This paragraph shall not be construed as requiring,*
16 *or as authorizing the Commission to require, any gov-*
17 *ernment securities broker or government securities*
18 *dealer to obtain or maintain any information for*
19 *purposes of this paragraph which is not otherwise*
20 *maintained by such broker or dealer in accordance*
21 *with any other provision of law or usual and cus-*
22 *tomary business practice. The Commission shall,*
23 *where feasible, avoid requiring any information to be*
24 *furnished under this paragraph that the Commission*

1 *may obtain from the Federal Reserve Bank of New*
2 *York.*

3 “(C) *PROCEDURES FOR REQUIRING INFORMA-*
4 *TION.—At the time the Commission requests any in-*
5 *formation pursuant to subparagraph (A) with respect*
6 *to any government securities broker or government se-*
7 *curities dealer for which the Commission is not the*
8 *appropriate regulatory agency, the Commission shall*
9 *notify the appropriate regulatory agency for such gov-*
10 *ernment securities broker or government securities*
11 *dealer and, upon request, furnish to the appropriate*
12 *regulatory agency any information supplied to the*
13 *Commission.*

14 “(D) *CONSULTATION.—Within 90 days after the*
15 *date of the enactment of this paragraph, and annu-*
16 *ally thereafter, or upon the request of any other ap-*
17 *propriate regulatory agency, the Commission shall*
18 *consult with the other appropriate regulatory agencies*
19 *to determine the availability of records that may be*
20 *required to be furnished under this paragraph and,*
21 *for those records available directly from the other ap-*
22 *propriate regulatory agencies, to develop a procedure*
23 *for furnishing such records expeditiously upon the*
24 *Commission’s request.*

1 “(E) *EXCLUSION FOR EXAMINATION REPORTS.*—
2 *Nothing in this paragraph shall be construed so as to*
3 *permit the Commission to require any government se-*
4 *curities broker or government securities dealer to ob-*
5 *tain, maintain, or furnish any examination report of*
6 *any appropriate regulatory agency other than the*
7 *Commission or any supervisory recommendations or*
8 *analysis contained in any such examination report.*

9 “(F) *AUTHORITY TO LIMIT DISCLOSURE OF IN-*
10 *FORMATION.*—*Notwithstanding any other provision of*
11 *law, the Commission and the appropriate regulatory*
12 *agencies shall not be compelled to disclose any infor-*
13 *mation required or obtained under this paragraph.*
14 *Nothing in this paragraph shall authorize the Com-*
15 *mission or any appropriate regulatory agency to*
16 *withhold information from Congress, or prevent the*
17 *Commission or any appropriate regulatory agency*
18 *from complying with a request for information from*
19 *any other Federal department or agency requesting*
20 *information for purposes within the scope of its juris-*
21 *isdiction, or from complying with an order of a court*
22 *of the United States in an action brought by the*
23 *United States, the Commission, or the appropriate*
24 *regulatory agency. For purposes of section 552 of title*
25 *5, United States Code, this subparagraph shall be*

1 *considered a statute described in subsection (b)(3)(B)*
2 *of such section 552.”.*

3 (b) *CONFORMING AMENDMENTS.—(1) Section*
4 *15C(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C.*
5 *780–5(a)(4)) is amended by inserting “, other than sub-*
6 *section (d)(3),” after “subsection (a), (b), or (d) of this sec-*
7 *tion”.*

8 (2) *Section 15C(f)(2) of such Act is amended—*

9 (A) *in the first sentence, by inserting “, other*
10 *than subsection (d)(3),” after “threatened violation of*
11 *the provisions of this section”; and*

12 (B) *in the second sentence, by inserting “(except*
13 *subsection (d)(3))” after “other than this section”.*

14 **SEC. 4. LARGE POSITION REPORTING.**

15 *Section 15C of the Securities Exchange Act of 1934*
16 *(15 U.S.C. 780–5) is amended—*

17 (1) *by redesignating subsection (f) as subsection*
18 *(h); and*

19 (2) *by inserting after subsection (e) the following*
20 *new subsection:*

21 *“(f) LARGE POSITION REPORTING.—*

22 *“(1) REPORTING REQUIREMENTS.—The Sec-*
23 *retary may adopt rules to require specified persons*
24 *holding, maintaining, or controlling large positions*
25 *in to-be-issued or recently issued Treasury securities*

1 to file such reports regarding such positions as the
2 Secretary determines to be necessary or appropriate
3 for the purpose of monitoring the impact in the
4 Treasury securities market of concentrations of posi-
5 tions in Treasury securities and for the purpose of
6 otherwise assisting the Commission in the enforcement
7 of this title. Reports required under this subsection
8 shall be filed with the Federal Reserve Bank of New
9 York, acting as agent for the Secretary, and shall be
10 provided by that Federal Reserve Bank to the Com-
11 mission on a timely basis.

12 “(2) *RECORDKEEPING REQUIREMENTS.*—Rules
13 under this subsection may require persons holding,
14 maintaining, or controlling large positions in Treas-
15 ury securities to make and keep for prescribed periods
16 such records as the Secretary determines are necessary
17 or appropriate to ensure that such persons can com-
18 ply with reporting requirements under this sub-
19 section.

20 “(3) *AGGREGATION RULES.*—Rules under this
21 subsection—

22 “(A) may prescribe the manner in which
23 positions and accounts shall be aggregated for
24 the purpose of this subsection, including aggrega-

1 tion on the basis of common ownership or con-
2 trol; and

3 “(B) may define which persons (individ-
4 ually or as a group) hold, maintain, or control
5 large positions.

6 “(4) DEFINITIONAL AUTHORITY; DETERMINATION
7 OF REPORTING THRESHOLD.—

8 “(A) In prescribing rules under this sub-
9 section, the Secretary may, consistent with the
10 purpose of this subsection, define terms used in
11 this subsection that are not otherwise defined in
12 section 3 of this title.

13 “(B) Rules under this subsection shall speci-
14 fy—

15 “(i) the minimum size of positions sub-
16 ject to reporting under this subsection, tak-
17 ing into account the purposes of this sub-
18 section and the potential for price distor-
19 tions or other anomalies resulting from
20 large positions;

21 “(ii) the types of positions (which may
22 include financing arrangements) to be re-
23 ported;

24 “(iii) the securities to be covered; and

1 “(iv) the form and manner in which
2 reports shall be transmitted, which may in-
3 clude transmission in machine readable
4 form.

5 “(5) LIMITATION ON DISCLOSURE OF INFORMA-
6 TION.—Notwithstanding any other provision of law,
7 the Secretary and the Commission shall not be com-
8 pelled to disclose any information required to be kept
9 or reported under this subsection. Nothing in this sub-
10 section shall authorize the Secretary or the Commis-
11 sion to withhold information from Congress, or pre-
12 vent the Secretary or the Commission from complying
13 with a request for information from any other Fed-
14 eral department or agency requesting information for
15 purposes within the scope of its jurisdiction, or from
16 complying with an order of a court of the United
17 States in an action brought by the United States, the
18 Secretary, or the Commission. For purposes of section
19 552 of title 5, United States Code, this subsection
20 shall be considered a statute described in subsection
21 (b)(3)(B) of such section 552.”.

1 **SEC. 5. AUTHORITY OF THE COMMISSION TO REGULATE**
2 **TRANSACTIONS IN EXEMPTED SECURITIES.**

3 (a) *PREVENTION OF FRAUDULENT AND MANIPULATIVE*
4 *ACTS AND PRACTICES.*—Section 15(c)(2) of the Securities
5 Exchange Act of 1934 (15 U.S.C. 78o(c)(2)) is amended—

6 (1) by inserting “(A)” after “(2)”;

7 (2) by striking “fictitious quotation, and no mu-
8 nicipal securities dealer” and inserting the following:
9 “fictitious quotation.

10 “(B) No municipal securities dealer”;

11 (3) by striking “fictitious quotation. The Com-
12 mission shall” and inserting the following:

13 “fictitious quotation.

14 “(C) No government securities broker or government
15 securities dealer shall make use of the mails or any means
16 or instrumentality of interstate commerce to effect any
17 transaction in, or induce or attempt to induce the purchase
18 or sale of, any government security in connection with
19 which such government securities broker or government se-
20 curities dealer engages in any fraudulent, deceptive, or ma-
21 nipulative act or practice, or makes any fictitious
22 quotation.

23 “(D) The Commission shall”; and

24 (4) by inserting at the end thereof the following:

25 “(E) The Commission shall, prior to adopting any rule
26 or regulation under subparagraph (C), consult with and

1 *consider the views of the Secretary of the Treasury and each*
2 *appropriate regulatory agency. If the Secretary of the*
3 *Treasury or any appropriate regulatory agency comments*
4 *in writing on a proposed rule or regulation of the Commis-*
5 *sion under such subparagraph (C) that has been published*
6 *for comment, the Commission shall respond in writing to*
7 *such written comment before adopting the proposed rule.”.*

8 *(b) FRAUDULENT AND MANIPULATIVE DEVICES AND*
9 *CONTRIVANCES.—Section 15(c)(1) of the Securities Ex-*
10 *change Act of 1934 (15 U.S.C. 78o(c)(1)) is amended—*

11 *(1) by inserting “(A)” after “(c)(1)”;*

12 *(2) by striking “contrivance, and no municipal*
13 *securities dealer” and inserting the following:*

14 *“contrivance.*

15 *“(B) No municipal securities dealer”;*

16 *(3) by striking “contrivance. The Commission*
17 *shall” and inserting the following:*

18 *“contrivance.*

19 *“(C) No government securities broker or government*
20 *securities dealer shall make use of the mails or any means*
21 *or instrumentality of interstate commerce to effect any*
22 *transaction in, or to induce or attempt to induce the pur-*
23 *chase or sale of, any government security by means of any*
24 *manipulative, deceptive, or other fraudulent device or con-*
25 *trivance.*

1 “(D) The Commission shall”; and

2 (4) by inserting at the end thereof the following:

3 “(E) The Commission shall, prior to adopting any rule
4 or regulation under subparagraph (C), consult with and
5 consider the views of the Secretary of the Treasury and each
6 appropriate regulatory agency. If the Secretary of the
7 Treasury or any appropriate regulatory agency comments
8 in writing on a proposed rule or regulation of the Commis-
9 sion under such subparagraph (C) that has been published
10 for comment, the Commission shall respond in writing to
11 such written comment before adopting the proposed rule.”.

12 **SEC. 6. BROKER/DEALER SUPERVISION RESPONSIBILITIES.**

13 Section 15C of the Securities Exchange Act of 1934
14 (15 U.S.C. 78o-5) is amended by inserting after subsection
15 (f) (as added by section 4 of this Act) the following new
16 subsection:

17 “(g) *POLICIES AND PROCEDURES TO PREVENT AND*
18 *DETECT VIOLATIONS.*—Every government securities broker
19 and government securities dealer shall establish, maintain,
20 and enforce written policies and procedures reasonably de-
21 signed, taking into consideration the nature of such person’s
22 business, to prevent and detect in connection with the pur-
23 chase or sale of government securities, insofar as prac-
24 ticable, fraud and manipulation in violation of this title
25 and the rules and regulations thereunder and violations of

1 *such other provisions of this title and the rules and regula-*
2 *tions thereunder as the appropriate regulatory agency for*
3 *such government securities broker or government securities*
4 *dealer shall designate by rule.”.*

5 **SEC. 7. SALES PRACTICE RULEMAKING AUTHORITY.**

6 (a) *RULES FOR FINANCIAL INSTITUTIONS.*—Section
7 *15C(b) of the Securities Exchange Act of 1934 (15 U.S.C.*
8 *78o–5(b)) is amended—*

9 (1) *by redesignating paragraphs (3), (4), (5),*
10 *and (6) as paragraphs (4), (5), (6), and (7), respec-*
11 *tively; and*

12 (2) *by inserting after paragraph (2) the follow-*
13 *ing new paragraph:*

14 “(3) *SALES PRACTICE RULES.*—(A) *With respect to*
15 *any financial institution that has filed notice as a govern-*
16 *ment securities broker or government securities dealer or*
17 *that is required to file notice under subsection (a)(1)(B) of*
18 *this section, the appropriate regulatory agency for such gov-*
19 *ernment securities broker or government securities dealer*
20 *may issue such rules with respect to transactions in govern-*
21 *ment securities as may be necessary to prevent fraudulent*
22 *and manipulative acts and practices and to promote just*
23 *and equitable principles of trade.*

24 “(B) *Each appropriate regulatory agency shall consult*
25 *with the other appropriate regulatory agencies for the pur-*

1 *pose of ensuring the consistency of the rules prescribed by*
2 *such agencies under this paragraph. The appropriate regu-*
3 *latory agencies shall consult with and consider the views*
4 *of the Secretary and the Commission with respect to the*
5 *impact of such rules on the operations of the market for*
6 *government securities, consistency with analogous rules of*
7 *self-regulatory organizations, and the enforcement and ad-*
8 *ministration of such rules. The consultation required by*
9 *this paragraph shall be conducted prior to the appropriate*
10 *regulatory agency adopting a rule under this paragraph,*
11 *unless the appropriate regulatory agency determines that*
12 *an emergency exists requiring expeditious and summary ac-*
13 *tion and publishes its reasons therefor. If the Secretary or*
14 *the Commission comments in writing to the appropriate*
15 *regulatory agency on a proposed rule that has been pub-*
16 *lished for comment, the appropriate regulatory agency shall*
17 *respond in writing to such written comment before adopting*
18 *the rule.”.*

19 *(b) RULES BY REGISTERED SECURITIES ASSOCIA-*
20 *TIONS.—*

21 *(1) REMOVAL OF LIMITATIONS ON AUTHORITY.—*

22 *(A) Section 15A of the Securities Exchange Act of*
23 *1934 (15 U.S.C. 78o-3) is amended—*

24 *(i) by striking subsections (f)(1) and (f)(2);*

25 *and*

1 (ii) by redesignating subsection (f)(3) as
2 subsection (f).

3 (B) Section 15A(g) of such Act is amended—

4 (i) by striking “exempted securities” in
5 paragraph (3)(D) and inserting “municipal se-
6 curities”;

7 (ii) by striking paragraph (4); and

8 (iii) by redesignating paragraph (5) as
9 paragraph (4).

10 (2) *OVERSIGHT OF REGISTERED SECURITIES AS-*
11 *SOCIATIONS.*—Section 19 of the Securities Exchange
12 Act of 1934 (15 U.S.C. 78s) is amended—

13 (A) in subsection (b), by adding at the end
14 thereof the following new paragraph:

15 “(5) The Commission shall consult with and consider
16 the views of the Secretary of the Treasury prior to approv-
17 ing a proposed rule change filed by a registered securities
18 association that primarily concerns conduct related to
19 transactions in government securities, except where the
20 Commission determines that an emergency exists requiring
21 expeditious or summary action and publishes its reasons
22 therefor. If the Secretary comments in writing to the Com-
23 mission on such proposed rule change that has been pub-
24 lished for comment, the Commission shall respond in writ-

1 *ing to such written comment before approving the proposed*
2 *rule change.”;*

3 *(B) in subsection (c), by adding at the end*
4 *thereof the following new paragraph:*

5 *“(5) Before adopting a rule to amend a rule of*
6 *a registered securities association that primarily con-*
7 *cerns conduct related to transactions in government*
8 *securities, the Commission shall consult with and con-*
9 *sider the views of the Secretary, except where the*
10 *Commission determines that an emergency exists re-*
11 *quiring expeditious or summary action and publishes*
12 *its reasons therefor. If the Secretary comments in*
13 *writing to the Commission on such proposed rule*
14 *change that has been published for comment, the Com-*
15 *mission shall respond in writing to such written com-*
16 *ment before approving the proposed rule change.”.*

17 *(3) CONFORMING AMENDMENT.—*

18 *(A) Section 3(a)(12)(B)(ii) of such Act (15*
19 *U.S.C. 78b(a)(12)(B)(ii)) is amended by striking*
20 *“15, 15A (other than subsection (g)(3)), and*
21 *17A” and inserting “15 and 17A”.*

22 *(B) Section 15(b)(7) of such Act (15 U.S.C.*
23 *78o(b)(7)) is amended by inserting “or govern-*
24 *ment securities broker or government securities*
25 *dealer registered (or required to register) under*

1 *section 15C(a)(1)(A)” after “No registered broker*
2 *or dealer”.*

3 **SEC. 8. MARKET INFORMATION.**

4 *Section 23(b)(4) of the Securities Exchange Act of*
5 *1934 (15 U.S.C. 78w) is amended—*

6 *(1) by striking subparagraphs (C), (D), and (H);*

7 *(2) by redesignating subparagraphs (E), (F),*
8 *and (G) as subparagraphs (C), (D), and (E), respec-*
9 *tively;*

10 *(3) by redesignating subparagraphs (I), (J), and*
11 *(K) as subparagraphs (F), (G), and (H), respectively;*

12 *(4) by striking “and” at the end of such redesign-*
13 *ated subparagraph (G);*

14 *(5) by striking the period at the end of such re-*
15 *designated subparagraph (H) and inserting “; and”;*
16 *and*

17 *(6) by inserting after such redesignated subpara-*
18 *graph (H) the following new subparagraph:*

19 *“(I) the steps that have been taken and the*
20 *progress that has been made in promoting the timely*
21 *public dissemination and availability for analytical*
22 *purposes (on a fair, reasonable, and nondiscrim-*
23 *inatory basis) of information concerning government*
24 *securities transactions and quotations, and its rec-*
25 *ommendations, if any, for legislation to assure timely*

1 *dissemination of (i) information on transactions in*
2 *regularly traded government securities sufficient to*
3 *permit the determination of the prevailing market*
4 *price for such securities, and (ii) reports of the high-*
5 *est published bids and lowest published offers for gov-*
6 *ernment securities (including the size at which per-*
7 *sons are willing to trade with respect to such bids and*
8 *offers).”.*

9 **SEC. 9. STUDY OF REGULATORY SYSTEM FOR GOVERNMENT**
10 **SECURITIES.**

11 *(a) JOINT STUDY.—The Secretary of the Treasury, the*
12 *Securities and Exchange Commission, and the Board of*
13 *Governors of the Federal Reserve System shall—*

14 *(1) evaluate the effectiveness of any rules pro-*
15 *mulgated or amended after October 1, 1991, pursuant*
16 *to section 15C of the Securities Exchange Act of 1934*
17 *or any amendment made by this title, and any na-*
18 *tional securities association rule changes applicable*
19 *principally to government securities transactions ap-*
20 *proved after October 1, 1991, in carrying out the pur-*
21 *poses of such Act;*

22 *(2) evaluate the effectiveness of surveillance and*
23 *enforcement with respect to government securities,*
24 *and the impact on such surveillance and enforcement*

1 *of defects in any available audit trails with respect*
2 *to transactions in such securities; and*

3 *(3) submit to the Congress, not later than March*
4 *31, 1998, any recommendations they may consider*
5 *appropriate concerning—*

6 *(A) the regulation of government securities*
7 *brokers and government securities dealers,*

8 *(B) the dissemination of information con-*
9 *cerning quotations for and transactions in gov-*
10 *ernment securities,*

11 *(C) the prevention of sales practice abuses*
12 *in connection with transactions in government*
13 *securities, and*

14 *(D) such other matters as they consider ap-*
15 *propriate.*

16 *(b) GAO STUDY.—The Comptroller General shall—*

17 *(1) conduct a study of the effectiveness of regula-*
18 *tion of government securities brokers and government*
19 *securities dealers pursuant to section 15C of the Secu-*
20 *rities Exchange Act of 1934 and the effectiveness of*
21 *the amendments made by this title; and*

22 *(2) submit to the Congress, not later than March*
23 *31, 1997, the Comptroller General's recommendations*
24 *for change, if any, or such other recommendations as*
25 *the Comptroller General considers appropriate.*

1 (c) *TREASURY STUDY.*—*The Secretary of the Treasury,*
2 *in consultation with the Securities and Exchange Commis-*
3 *sion, shall—*

4 (1) *conduct a study of—*

5 (A) *the identity and nature of the business*
6 *of government securities brokers and government*
7 *securities dealers that are registered with the Se-*
8 *curities and Exchange Commission under section*
9 *15C of the Securities Exchange Act of 1934; and*

10 (B) *the continuing need for, and regulatory*
11 *and financial consequences of, a separate regu-*
12 *latory system for such government securities bro-*
13 *kers and government securities dealers; and*

14 (2) *submit to the Congress, not later than 18*
15 *months after the date of enactment of this Act, the*
16 *Secretary's recommendations for change, if any, or*
17 *such other recommendations as the Secretary consid-*
18 *ers appropriate.*

19 ***SEC. 10. TECHNICAL AMENDMENTS.***

20 (a) *AMENDMENTS TO DEFINITIONS.*—*Section 3(a) of*
21 *the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is*
22 *amended—*

23 (1) *in paragraph (34)(G) (relating to the defini-*
24 *tion of appropriate regulatory agency), by amending*
25 *clauses (ii), (iii), and (iv) to read as follows:*

1 “(ii) the Board of Governors of the
2 Federal Reserve System, in the case of a
3 State member bank of the Federal Reserve
4 System, a foreign bank, an uninsured State
5 branch or State agency of a foreign bank, a
6 commercial lending company owned or con-
7 trolled by a foreign bank (as such terms are
8 used in the International Banking Act of
9 1978), or a corporation organized or having
10 an agreement with the Board of Governors
11 of the Federal Reserve System pursuant to
12 section 25 or section 25A of the Federal Re-
13 serve Act;

14 “(iii) the Federal Deposit Insurance
15 Corporation, in the case of a bank insured
16 by the Federal Deposit Insurance Corpora-
17 tion (other than a member of the Federal
18 Reserve System or a Federal savings bank)
19 or an insured State branch of a foreign
20 bank (as such terms are used in the Inter-
21 national Banking Act of 1978);

22 “(iv) the Director of the Office of
23 Thrift Supervision, in the case of a savings
24 association (as defined in section 3(b) of the
25 Federal Deposit Insurance Act) the deposits

1 *of which are insured by the Federal Deposit*
2 *Insurance Corporation;”;*

3 *(2) by amending paragraph (46) (relating to the*
4 *definition of financial institution) to read as follows:*

5 *“(46) The term ‘financial institution’ means—*

6 *“(A) a bank (as defined in paragraph (6)*
7 *of this subsection);*

8 *“(B) a foreign bank (as such term is used*
9 *in the International Banking Act of 1978); and*

10 *“(C) a savings association (as defined in*
11 *section 3(b) of the Federal Deposit Insurance*
12 *Act) the deposits of which are insured by the*
13 *Federal Deposit Insurance Corporation.”; and*

14 *(3) by redesignating paragraph (51) (as added*
15 *by section 204 of the International Securities Enforce-*
16 *ment Cooperation Act of 1990) as paragraph (52).*

17 ***(b) EFFECTIVE DATE OF BROKER/DEALER REGISTRA-***
18 ***TION.—***

19 ***(1) GOVERNMENT SECURITIES BROKERS AND***
20 ***DEALERS.—Section 15C(a)(2)(ii) of the Securities***
21 ***Exchange Act of 1934 (15 U.S.C. 78o-5(a)(2)(ii)) is***
22 ***amended by inserting before “At the conclusion” the***
23 ***following: “The order granting registration shall not***
24 ***be effective until such government securities broker or***
25 ***government securities dealer has become a member of***

1 *a national securities exchange registered under section*
2 *6 of this title, or a securities association registered*
3 *under section 15A of this title, unless the Commission*
4 *has exempted such government securities broker or*
5 *government securities dealer, by rule or order, from*
6 *such membership.”.*

7 (2) *OTHER BROKERS AND DEALERS.—Section*
8 *15(b)(1)(B) of such Act (15 U.S.C. 78o(b)(1)(B)) is*
9 *amended by inserting before “At the conclusion” the*
10 *following: “The order granting registration shall not*
11 *be effective until such broker or dealer has become a*
12 *member of a registered securities association, or until*
13 *such broker or dealer has become a member of a na-*
14 *tional securities exchange if such broker or dealer ef-*
15 *fects transactions solely on that exchange, unless the*
16 *Commission has exempted such broker or dealer, by*
17 *rule or order, from such membership.”.*

18 (c) *INFORMATION SHARING.—Section 15C(d)(2) of*
19 *such Act is amended to read as follows:*

20 “(2) *Information received by an appropriate regu-*
21 *latory agency, the Secretary, or the Commission from or*
22 *with respect to any government securities broker, govern-*
23 *ment securities dealer, any person associated with a govern-*
24 *ment securities broker or government securities dealer, or*
25 *any other person subject to this section or rules promulgated*

1 *thereunder, may be made available by the Secretary or the*
2 *recipient agency to the Commission, the Secretary, the De-*
3 *partment of Justice, the Commodity Futures Trading Com-*
4 *mission, any appropriate regulatory agency, any self-regu-*
5 *latory organization, or any Federal Reserve Bank.”.*

6 **SEC. 11. OFFERINGS OF CERTAIN GOVERNMENT SECURI-**
7 **TIES.**

8 *Section 15(c) of the Securities Exchange Act of 1934*
9 *(15 U.S.C. 78o(c)) is amended by adding at the end the*
10 *following new paragraph:*

11 *“(7) In connection with any bid for or purchase of a*
12 *government security related to an offering of government*
13 *securities by or on behalf of an issuer, no government securi-*
14 *ties broker, government securities dealer, or bidder for or*
15 *purchaser of securities in such offering shall knowingly or*
16 *willfully make any false or misleading written statement*
17 *or omit any fact necessary to make any written statement*
18 *made not misleading. For purposes of the preceding sen-*
19 *tence, the term ‘government security’ shall not include any*
20 *obligation subject to the public debt limit established in sec-*
21 *tion 3101 of title 31, United States Code.”.*

22 **SEC. 12. RULE OF CONSTRUCTION.**

23 *(a) IN GENERAL.—No provision of, or amendment*
24 *made by, this Act may be construed—*

1 (1) to govern the initial issuance of any public
2 debt obligation, or

3 (2) to grant any authority to (or extend any au-
4 thority of) the Securities and Exchange Commission,
5 any appropriate regulatory agency, or a self-regu-
6 latory organization—

7 (A) to prescribe any procedure, term, or
8 condition of such initial issuance,

9 (B) to promulgate any rule or regulation
10 governing such initial issuance, or

11 (C) to otherwise regulate in any manner
12 such initial issuance.

13 (b) *PUBLIC DEBT OBLIGATION.*—For purposes of this
14 section, the term “public debt obligation” means an obliga-
15 tion subject to the public debt limit established in section
16 3101 of title 31, United States Code.