

103^D CONGRESS
1ST SESSION

H. R. 2515

To amend the Securities Exchange Act of 1934 with respect to the extension of unlisted trading privileges for corporate securities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1993

Mr. WYDEN (for himself, Mrs. COLLINS of Illinois, Mr. MOORHEAD, Mr. COOPER, Mr. FIELDS of Texas, Mr. LEHMAN, Mr. OXLEY, Mr. RICHARDSON, Mr. HASTERT, Ms. MARGOLIES-MEZVINSKY, Mr. GILLMOR, Mr. SYNAR, and Mr. GREENWOOD) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend the Securities Exchange Act of 1934 with respect to the extension of unlisted trading privileges for corporate securities, 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. AMENDMENT TO THE SECURITIES EXCHANGE**

4 **ACT OF 1934.**

5 Section 12(f) of the Securities Exchange Act of 1934
6 (15 U.S.C. 78l(f)) is amended—

7 (1) by striking paragraphs (1) and (2) and in-
8 serting the following:

1 “(f)(1)(A) Notwithstanding the foregoing provisions
2 of this section, any national securities exchange, in accord-
3 ance with the requirements of this subsection and the
4 rules thereunder, may extend unlisted trading privileges
5 to any security—

6 “(i) listed and registered on any national secu-
7 rities exchange, or

8 “(ii) otherwise registered pursuant to section 12
9 of this title, or that would be required to be so reg-
10 istered except for the exemption from registration
11 provided in subsection (g)(2)(B) or (g)(2)(G) of that
12 section,

13 if the applicant exchange is a signatory to a transaction
14 reporting plan that governs unlisted trading privileges in
15 the subject security, and has received Commission ap-
16 proval by rule or order to effect transactions pursuant to
17 such plan.

18 “(B) The Commission may designate, by rule or regu-
19 lation, such additional procedures or requirements for ex-
20 tending unlisted trading privileges to any security as the
21 Commission deems necessary or appropriate for the main-
22 tenance of fair and orderly markets, the protection of in-
23 vestors and the public interest, or otherwise in furtherance
24 of the purposes of this title.

1 “(C) An exchange may continue to extend unlisted
2 trading privileges only so long as the applicant exchange
3 and the subject security continue to satisfy the require-
4 ments for eligibility set forth in this paragraph (1), includ-
5 ing any rules and regulations adopted pursuant to this
6 paragraph, except that unlisted trading privileges may
7 continue as to securities which had been admitted on such
8 exchange prior to July 1, 1964, notwithstanding the fail-
9 ure to satisfy such requirements. If unlisted trading privi-
10 leges in a security have terminated pursuant to this sub-
11 paragraph, a new application under this subsection and
12 the rules thereunder shall be required to establish unlisted
13 trading privileges in the security.

14 “(2)(A) On or before filing an application with the
15 Commission pursuant to this subsection, each national se-
16 curities exchange shall send a copy of the application to
17 the issuer of the security and to each national securities
18 exchange on which such security is or will be listed (or,
19 if not listed on any national securities exchange, to any
20 registered securities association that sponsors an auto-
21 mated quotation system on which the security is quoted).
22 Such application shall include a certification by the appli-
23 cant exchange that the applicant exchange’s rules are rea-
24 sonably designed to maintain fair and orderly markets and
25 protect investors and the public interest in connection with

1 the proposal to trade the securities that are the subject
2 of the application. An application filed pursuant to this
3 subsection shall be made in accordance with such rules
4 or regulations as the Commission may prescribe and shall
5 take effect upon filing with the Commission, unless the
6 Commission provides otherwise by rule or regulation.

7 “(B) At any time within 60 days of the date of filing
8 of such application, the Commission summarily may sus-
9 pend unlisted trading privileges extended pursuant to such
10 application and such suspension shall remain in effect
11 until the Commission by order grants the application.
12 Such a suspension shall not be reviewable under section
13 25 of this title and shall not be deemed to be final agency
14 action for purposes of section 704 of title 5, United States
15 Code. A summary suspension shall not affect the validity
16 or force of a grant of unlisted trading privileges in effect
17 prior to such suspension, provided that such application
18 was properly filed in accordance with this subsection and
19 any rules or regulations promulgated by the Commission
20 thereunder.

21 “(C) No application for the extension of unlisted
22 trading privileges that has been suspended pursuant to
23 subparagraph (B) of this paragraph shall be granted un-
24 less the Commission finds, after notice and opportunity
25 for hearing, that the extension of unlisted trading privi-

1 leges pursuant to such application is consistent with the
2 maintenance of fair and orderly markets and the protec-
3 tion of investors and the public interest otherwise in fur-
4 therance of the purposes of this title.”; and

5 (2) in paragraph 3, by striking “The Commis-
6 sion” and inserting “Other than for purposes of
7 paragraph (2) of this subsection, the Commission”.

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