IIB

107TH CONGRESS
1ST SESSION

H. R. 3060

IN THE SENATE OF THE UNITED STATES

NOVEMBER 14, 2001

Received; read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AN ACT

To amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Emergency Securities Response Act of 2001’’.

SEC. 2. EXTENSION OF EMERGENCY ORDER AUTHORITY OF THE SECURITIES EXCHANGE COMMISSION.

(a) EXTENSION OF AUTHORITY.—Paragraph (2) of section 12(k) of the Securities Exchange Act of 1934 (15 U.S.C. 78*l*(k)(2)) is amended to read as follows:

‘‘(2) EMERGENCY ORDERS.—(A) The Commission, in an emergency, may by order summarily take such action to alter, supplement, suspend, or impose requirements or restrictions with respect to any matter or action subject to regulation by the Commission or a self-regulatory organization under the securities laws, as the Commission determines is necessary in the public interest and for the protection of investors—

‘‘(i) to maintain or restore fair and orderly securities markets (other than markets in exempted securities);

‘‘(ii) to ensure prompt, accurate, and safe clearance and settlement of transactions in securities (other than exempted securities); or

‘‘(iii) to reduce, eliminate, or prevent the substantial disruption by the emergency of (I) securities markets, investment companies, or any other significant portion or segment of such markets, or (II) the transmission or processing of securities transactions.

"(B) An order of the Commission under this paragraph (2) shall continue in effect for the period specified by the Commission, and may be extended. Except as provided in subparagraph (C), the Commission's action may not continue in effect for more than 30 business days, including extensions. If the actions described in subparagraph (A) involve a security futures product, the Commission shall consult with and consider the views of the Commodity Futures Trading Commission. In exercising its authority under this paragraph, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code, or with the provisions of section 19(c) of this title.

"(C) An order of the Commission under this paragraph (2) may be extended to continue in effect for more than 30 business days if, at the time of the extension, the Commission finds that the emergency still exists and determines that the continuation of the order beyond 30 business days is necessary in the public interest and for the protection of investors to attain an objective described in clause (i), (ii), or

(iii) of subparagraph (A). In no event shall an order of the Commission under this paragraph (2) continue in effect for more than 90 calendar days.''.

(b) DEFINITION OF EMERGENCY.—Paragraph (6) of section 12(k) of the Securities Exchange Act of 1934 (15 U.S.C. 78*l*(k)(6)) is amended to read as follows:

''(6) DEFINITION OF EMERGENCY.—For purposes of this subsection, the term 'emergency' means—

''(A) a major market disturbance characterized by or constituting—

''(i) sudden and excessive fluctuations of securities prices generally, or a substantial threat thereof, that threaten fair and orderly markets; or

''(ii) a substantial disruption of the safe or efficient operation of the national system for clearance and settlement of transactions in securities, or a substantial threat thereof; or

''(B) a major disturbance that substantially disrupts, or threatens to substantially disrupt—

''(i) the functioning of securities markets, investment companies, or any other significant portion or segment of the securities markets; or

"(ii) the transmission or processing of securities transactions.".

Passed the House of Representatives November 13, 2001.

Attest: JEFF TRANDAHL,

Clerk.