

MAY 9, 2013

**RULES COMMITTEE PRINT 113-10**  
**TEXT OF H.R. 1062, SEC REGULATORY**  
**ACCOUNTABILITY ACT**

[Showing the text of the bill as ordered reported by the  
Committee on Financial Services with a technical change.]

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “SEC Regulatory Ac-  
3 countability Act”.

4 **SEC. 2. CONSIDERATION BY THE SECURITIES AND EX-**  
5                   **CHANGE COMMISSION OF THE COSTS AND**  
6                   **BENEFITS OF ITS REGULATIONS AND CER-**  
7                   **TAIN OTHER AGENCY ACTIONS.**

8       Section 23 of the Securities Exchange Act of 1934  
9 (15 U.S.C. 78w) is amended by adding at the end the fol-  
10 lowing:

11       “(e) CONSIDERATION OF COSTS AND BENEFITS.—

12               “(1) IN GENERAL.—Before issuing a regulation  
13 under the securities laws, as defined in section 3(a),  
14 the Commission shall—

15                   “(A) clearly identify the nature and source  
16 of the problem that the proposed regulation is  
17 designed to address, as well as assess the sig-

1           nificance of that problem, to enable assessment  
2           of whether any new regulation is warranted;

3           “(B) utilize the Chief Economist to assess  
4           the costs and benefits, both qualitative and  
5           quantitative, of the intended regulation and  
6           propose or adopt a regulation only on a rea-  
7           soned determination that the benefits of the in-  
8           tended regulation justify the costs of the regula-  
9           tion;

10          “(C) identify and assess available alter-  
11          natives to the regulation that were considered,  
12          including modification of an existing regulation,  
13          together with an explanation of why the regula-  
14          tion meets the regulatory objectives more effec-  
15          tively than the alternatives; and

16          “(D) ensure that any regulation is acces-  
17          sible, consistent, written in plain language, and  
18          easy to understand and shall measure, and seek  
19          to improve, the actual results of regulatory re-  
20          quirements.

21          “(2) CONSIDERATIONS AND ACTIONS.—

22          “(A) REQUIRED ACTIONS.—In deciding  
23          whether and how to regulate, the Commission  
24          shall assess the costs and benefits of available  
25          regulatory alternatives, including the alternative

1 of not regulating, and choose the approach that  
2 maximizes net benefits. Specifically, the Com-  
3 mission shall—

4 “(i) consistent with the requirements  
5 of section 3(f) (15 U.S.C. 78c(f)), section  
6 2(b) of the Securities Act of 1933 (15  
7 U.S.C. 77b(b)), section 202(c) of the In-  
8 vestment Advisers Act of 1940 (15 U.S.C.  
9 80b-2(c)), and section 2(c) of the Invest-  
10 ment Company Act of 1940 (15 U.S.C.  
11 80a-2(c)), consider whether the rule-  
12 making will promote efficiency, competi-  
13 tion, and capital formation;

14 “(ii) evaluate whether, consistent with  
15 obtaining regulatory objectives, the regula-  
16 tion is tailored to impose the least burden  
17 on society, including market participants,  
18 individuals, businesses of differing sizes,  
19 and other entities (including State and  
20 local governmental entities), taking into ac-  
21 count, to the extent practicable, the cumu-  
22 lative costs of regulations; and

23 “(iii) evaluate whether the regulation  
24 is inconsistent, incompatible, or duplicative  
25 of other Federal regulations.

1           “(B) ADDITIONAL CONSIDERATIONS.—In  
2           addition, in making a reasoned determination of  
3           the costs and benefits of a potential regulation,  
4           the Commission shall, to the extent that each is  
5           relevant to the particular proposed regulation,  
6           take into consideration the impact of the regu-  
7           lation on—

8                       “(i) investor choice;

9                       “(ii) market liquidity in the securities  
10                      markets; and

11                     “(iii) small businesses.

12           “(3) EXPLANATION AND COMMENTS.—The  
13           Commission shall explain in its final rule the nature  
14           of comments that it received, including those from  
15           the industry or consumer groups concerning the po-  
16           tential costs or benefits of the proposed rule or pro-  
17           posed rule change, and shall provide a response to  
18           those comments in its final rule, including an expla-  
19           nation of any changes that were made in response  
20           to those comments and the reasons that the Com-  
21           mission did not incorporate those industry group  
22           concerns related to the potential costs or benefits in  
23           the final rule.

24           “(4) REVIEW OF EXISTING REGULATIONS.—Not  
25           later than 1 year after the date of enactment of the

1 SEC Regulatory Accountability Act, and every 5  
2 years thereafter, the Commission shall review its  
3 regulations to determine whether any such regula-  
4 tions are outmoded, ineffective, insufficient, or ex-  
5 cessively burdensome, and shall modify, streamline,  
6 expand, or repeal them in accordance with such re-  
7 view. In reviewing any regulation (including, not-  
8 withstanding paragraph (6), a regulation issued in  
9 accordance with formal rulemaking provisions) that  
10 subjects issuers with a public float of \$250,000,000  
11 or less to the attestation and reporting requirements  
12 of section 404(b) of the Sarbanes-Oxley Act of 2002  
13 (15 U.S.C. 7262(b)), the Commission shall specifi-  
14 cally take into account the large burden of such regu-  
15 lation when compared to the benefit of such regula-  
16 tion.

17 “(5) POST-ADOPTION IMPACT ASSESSMENT.—

18 “(A) IN GENERAL.—Whenever the Com-  
19 mission adopts or amends a regulation des-  
20 ignated as a ‘major rule’ within the meaning of  
21 section 804(2) of title 5, United States Code, it  
22 shall state, in its adopting release, the fol-  
23 lowing:

24 “(i) The purposes and intended con-  
25 sequences of the regulation.

1           “(ii) Appropriate post-implementation  
2           quantitative and qualitative metrics to  
3           measure the economic impact of the regu-  
4           lation and to measure the extent to which  
5           the regulation has accomplished the stated  
6           purposes.

7           “(iii) The assessment plan that will be  
8           used, consistent with the requirements of  
9           subparagraph (B) and under the super-  
10          vision of the Chief Economist of the Com-  
11          mission, to assess whether the regulation  
12          has achieved the stated purposes.

13          “(iv) Any unintended or negative con-  
14          sequences that the Commission foresees  
15          may result from the regulation.

16          “(B) REQUIREMENTS OF ASSESSMENT  
17          PLAN AND REPORT.—

18                 “(i) REQUIREMENTS OF PLAN.—The  
19                 assessment plan required under this para-  
20                 graph shall consider the costs, benefits,  
21                 and intended and unintended consequences  
22                 of the regulation. The plan shall specify  
23                 the data to be collected, the methods for  
24                 collection and analysis of the data and a  
25                 date for completion of the assessment.

1                   “(ii) SUBMISSION AND PUBLICATION  
2                   OF REPORT.—The Chief Economist shall  
3                   submit the completed assessment report to  
4                   the Commission no later than 2 years after  
5                   the publication of the adopting release, un-  
6                   less the Commission, at the request of the  
7                   Chief Economist, has published at least 90  
8                   days before such date a notice in the Fed-  
9                   eral Register extending the date and pro-  
10                  viding specific reasons why an extension is  
11                  necessary. Within 7 days after submission  
12                  to the Commission of the final assessment  
13                  report, it shall be published in the Federal  
14                  Register for notice and comment. Any ma-  
15                  terial modification of the plan, as nec-  
16                  essary to assess unforeseen aspects or con-  
17                  sequences of the regulation, shall be  
18                  promptly published in the Federal Register  
19                  for notice and comment.

20                  “(iii) DATA COLLECTION NOT SUB-  
21                  JECT TO NOTICE AND COMMENT REQUIRE-  
22                  MENTS.—If the Commission has published  
23                  its assessment plan for notice and com-  
24                  ment, specifying the data to be collected  
25                  and method of collection, at least 30 days

1 prior to adoption of a final regulation or  
2 amendment, such collection of data shall  
3 not be subject to the notice and comment  
4 requirements in section 3506(c) of title 44,  
5 United States Code (commonly referred to  
6 as the Paperwork Reduction Act). Any ma-  
7 terial modifications of the plan that require  
8 collection of data not previously published  
9 for notice and comment shall also be ex-  
10 empt from such requirements if the Com-  
11 mission has published notice for comment  
12 in the Federal Register of the additional  
13 data to be collected, at least 30 days prior  
14 to initiation of data collection.

15 “(iv) FINAL ACTION.—Not later than  
16 180 days after publication of the assess-  
17 ment report in the Federal Register, the  
18 Commission shall issue for notice and com-  
19 ment a proposal to amend or rescind the  
20 regulation, or publish a notice that the  
21 Commission has determined that no action  
22 will be taken on the regulation. Such a no-  
23 tice will be deemed a final agency action.

1           “(6) COVERED REGULATIONS AND OTHER  
2 AGENCY ACTIONS.—Solely as used in this subsection,  
3 the term ‘regulation’—

4           “(A) means an agency statement of gen-  
5 eral applicability and future effect that is de-  
6 signed to implement, interpret, or prescribe law  
7 or policy or to describe the procedure or prac-  
8 tice requirements of an agency, including rules,  
9 orders of general applicability, interpretive re-  
10 leases, and other statements of general applica-  
11 bility that the agency intends to have the force  
12 and effect of law; and

13           “(B) does not include—

14           “(i) a regulation issued in accordance  
15 with the formal rulemaking provisions of  
16 section 556 or 557 of title 5, United States  
17 Code;

18           “(ii) a regulation that is limited to  
19 agency organization, management, or per-  
20 sonnel matters;

21           “(iii) a regulation promulgated pursu-  
22 ant to statutory authority that expressly  
23 prohibits compliance with this provision;  
24 and

1                   “(iv) a regulation that is certified by  
2                   the agency to be an emergency action, if  
3                   such certification is published in the Fed-  
4                   eral Register.”.

5 **SEC. 3. SENSE OF CONGRESS RELATING TO OTHER REGU-**  
6 **LATORY ENTITIES.**

7           It is the sense of the Congress that other regulatory  
8 entities, including the Public Company Accounting Over-  
9 sight Board, the Municipal Securities Rulemaking Board,  
10 and any national securities association registered under  
11 section 15A of the Securities Exchange Act of 1934 (15  
12 U.S.C. 78o-3) should also follow the requirements of sec-  
13 tion 23(e) of such Act, as added by this title.

