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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

# H. R.

To make improvements to the securities laws, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mrs. WAGNER introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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# A BILL

To make improvements to the 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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “SEC Reform and Restructuring Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

### TITLE I—SEC REGULATORY ACCOUNTABILITY

Sec. 101. Consideration by the Securities and Exchange Commission of the costs and benefits of regulations and certain other agency actions of the Commission.

TITLE II—SEC TRANSPARENCY

Sec. 201. Semiannual testimony to Congress regarding activities of the Securities and Exchange Commission.

TITLE III—SEC CYBERSECURITY

Sec. 301. GAO audit of information technology infrastructure and handling of data.

TITLE IV—REVIEW THE EXPANSION OF GOVERNMENT

Sec. 401. Consideration of cumulative effect of regulations required.

TITLE V—STREAMLINING PUBLIC COMPANY ACCOUNTING  
OVERSIGHT

Sec. 501. Transfer of Public Company Accounting Oversight Board to Securities and Exchange Commission.

Sec. 502. Establishment; administrative provisions.

Sec. 503. Registration with the Office.

Sec. 504. Auditing, quality control, standards, and rules.

Sec. 505. Foreign public accounting firms.

Sec. 506. Funding.

Sec. 507. Definitions.

Sec. 508. Technical and conforming amendments.

Sec. 509. Rule of construction with respect to cooperative arrangements.

Sec. 510. Regulations.

Sec. 511. Effective date.

TITLE VI—STUDY REGARDING MAJOR RULES ISSUED BY THE  
SECURITIES AND EXCHANGE COMMISSION

Sec. 601. GAO study regarding major rules.

TITLE VII—MINIMUM PUBLIC COMMENT PERIOD

Sec. 701. Minimum public comment period.

TITLE VIII—SECURITIES ENFORCEMENT CLARITY

Sec. 801. Determination of the number of violations.

TITLE IX—SEC MODERNIZATION

Sec. 901. Commission organization.

1           **TITLE I—SEC REGULATORY**  
2                           **ACCOUNTABILITY**

3   **SEC. 101. CONSIDERATION BY THE SECURITIES AND EX-**  
4                           **CHANGE COMMISSION OF THE COSTS AND**  
5                           **BENEFITS OF REGULATIONS AND CERTAIN**  
6                           **OTHER AGENCY ACTIONS OF THE COMMIS-**  
7                           **SION.**

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) CONSIDERATIONS BEFORE PROPOSING A  
13 REGULATION.—Before proposing a regulation, the  
14 Commission shall—

15                           “(A) clearly identify the nature and source  
16 of the problem that the regulation is designed  
17 to address, as well as assess the significance of  
18 that problem, to enable assessment of whether  
19 any new regulation is warranted; and

20                           “(B) ensure that the regulation would be  
21 within the Commission’s jurisdiction and that  
22 the Commission has sufficient experience and  
23 expertise to regulate the subject matter covered  
24 by the regulation.

1           “(2) REQUIREMENTS FOR ISSUING A PROPOSED  
2           OR FINAL REGULATION.—

3           “(A) IN GENERAL.—In issuing a proposed  
4           or final regulation, the Commission shall—

5                   “(i) clearly identify the market par-  
6                   ticipants who will be impacted by the regu-  
7                   lation;

8                   “(ii) utilize the Chief Economist of  
9                   the Commission to assess the costs and  
10                  benefits, both qualitative and quantitative,  
11                  of the regulation, both on the regulation’s  
12                  own and cumulatively with other existing  
13                  and related proposed regulations;

14                  “(iii) only issue the regulation if the  
15                  Commission makes a reasoned determina-  
16                  tion that the benefits of the regulation jus-  
17                  tify the costs of the regulation;

18                  “(iv) ensure that the regulation is ac-  
19                  cessible, consistent, written in plain lan-  
20                  guage, and easy to understand; and

21                  “(v) ensure that the length of the  
22                  public comment period is commensurate  
23                  with the complexity of the regulation and  
24                  the expected public interest in the rule-  
25                  making.

1           “(B) INCLUSION OF INFORMATION IN A  
2 PROPOSED OR FINAL REGULATION.—In issuing  
3 a proposed or final regulation, the Commission  
4 shall include in the regulation—

5           “(i) the results of the identifications  
6 and assessments required under clauses (i)  
7 and (ii) of subparagraph (A) with respect  
8 to the regulation;

9           “(ii) an explanation of why the regula-  
10 tion meets the regulatory objectives of the  
11 Commission more effectively than other  
12 available alternatives;

13           “(iii) a description of how the Com-  
14 mission intends the regulation to interact  
15 with existing regulations and proposed reg-  
16 ulations; and

17           “(iv) a justification of the length of  
18 the public comment period for the regula-  
19 tion.

20           “(3) CONSIDERATIONS AND ACTIONS.—

21           “(A) REQUIRED ACTIONS.—In deciding  
22 whether and how to regulate, the Commission  
23 shall assess the costs and benefits of available  
24 regulatory alternatives, including the alternative  
25 of not regulating, and choose the approach that

1 maximizes benefits net of costs, to the extent  
2 quantifiable. Specifically, the Commission  
3 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 a rulemaking  
12 (both on the regulation’s own and cumula-  
13 tively with other existing and proposed reg-  
14 ulations), in addition to being in the inter-  
15 est of protecting investors, will promote ef-  
16 ficiency, competition, and capital forma-  
17 tion; and

18 “(ii) evaluate whether a regulation is  
19 inconsistent, incompatible, or duplicative of  
20 other Federal regulations.

21 “(B) ADDITIONAL CONSIDERATIONS.—In  
22 addition, in making a reasoned determination  
23 under paragraph (2)(A)(iii) of the costs and  
24 benefits of a regulation, the Commission shall,  
25 to the extent that each is relevant to the par-

1            ticular regulation, take into consideration the  
2            impact of the regulation on—

3                    “(i) investor choice;

4                    “(ii) market liquidity in the securities  
5            markets;

6                    “(iii) small businesses;

7                    “(iv) competition in the marketplace;

8            and

9                    “(v) investor access.

10           “(4) POST-ADOPTION IMPACT ASSESSMENT.—

11                    “(A) IN GENERAL.—Whenever the Com-  
12           mission issues a final regulation that is a  
13           ‘major rule’ (as defined under section 804 of  
14           title 5, United States Code), it shall state, in  
15           the regulation, the following:

16                    “(i) The purposes and intended con-  
17           sequences of the regulation.

18                    “(ii) Appropriate post-implementation  
19           quantitative and qualitative metrics to  
20           measure the economic impact of the regu-  
21           lation and to measure the extent prac-  
22           ticable to which the regulation has accom-  
23           plished the stated purposes.

1           “(iii) The assessment plan that will be  
2           used, consistent with the requirements of  
3           subparagraph (B).

4           “(iv) Any unintended or negative con-  
5           sequences that the Commission foresees  
6           may result from the regulation.

7           “(B) REQUIREMENTS OF ASSESSMENT  
8           PLAN AND REPORT.—

9           “(i) REQUIREMENTS OF PLAN.—For  
10          each regulation described under subpara-  
11          graph (A), the Commission shall establish  
12          an assessment plan, which shall—

13                 “(I) identify the costs, benefits,  
14                 and intended and unintended con-  
15                 sequences as identified in the rule-  
16                 making release of the regulation; and

17                 “(II) specify the data to be col-  
18                 lected, the methods for collection and  
19                 analysis of the data, and a date for  
20                 completion of the assessment.

21           “(ii) TIMING OF ASSESSMENT PLAN  
22          REPORT.—A report on each completed as-  
23          sessment plan described under clause (i)  
24          shall be submitted by the Chief Economist  
25          to the Commission not later than the end

1 of the 4-year period beginning on the date  
2 the applicable regulation is issued, unless  
3 the Commission, at the request of the  
4 Chief Economist, publishes at least 90  
5 days before the end of such period a notice  
6 in the Federal Register extending the date  
7 and providing specific reasons why an ex-  
8 tension is necessary.

9 “(iii) PUBLIC COMMENT.—Not later  
10 than 30 days after the Commission re-  
11 ceives an assessment plan report under  
12 clause (ii), the Commission shall publish  
13 the report in the Federal Register for pub-  
14 lic comment.

15 “(5) REGULATION DEFINED.—In this sub-  
16 section, the term ‘regulation’—

17 “(A) means an agency statement of gen-  
18 eral applicability and future effect that is de-  
19 signed to implement, interpret, or prescribe law  
20 or policy or to describe the procedure or prac-  
21 tice requirements of an agency, including rules,  
22 orders of general applicability, interpretive re-  
23 leases, and other statements of general applica-  
24 bility that the agency intends to have the force  
25 and effect of law; and

1 “(B) does not include—

2 “(i) a regulation issued in accordance  
3 with the formal rulemaking provisions of  
4 section 556 or 557 of title 5, United States  
5 Code;

6 “(ii) a regulation that is limited to  
7 agency organization, management, or per-  
8 sonnel matters;

9 “(iii) a regulation promulgated pursu-  
10 ant to statutory authority that expressly  
11 prohibits compliance with this provision;  
12 and

13 “(iv) a regulation that is certified by  
14 the agency to be an emergency action, if  
15 such certification is published in the Fed-  
16 eral Register.”.

## 17 **TITLE II—SEC TRANSPARENCY**

### 18 **SEC. 201. SEMIANNUAL TESTIMONY TO CONGRESS RE-** 19 **GARDING ACTIVITIES OF THE SECURITIES** 20 **AND EXCHANGE COMMISSION.**

21 Section 4 of the Securities Exchange Act of 1934 (15  
22 U.S.C. 78d) is amended by adding at the end the fol-  
23 lowing:

24 “(k) SEMIANNUAL TESTIMONY TO CONGRESS.—The  
25 Chairman of the Commission shall, not less than once

1 every 6 months after the date of the enactment of this  
2 subsection, testify before the Committee on Financial  
3 Services of the House of Representatives and the Com-  
4 mittee on Banking, Housing, and Urban Affairs of the  
5 Senate on the activities of the Commission. At least once  
6 annually, the Commissioners shall join the Chairman with  
7 respect to testifying pursuant to the preceding sentence.”.

## 8 **TITLE III—SEC CYBERSECURITY**

### 9 **SEC. 301. GAO AUDIT OF INFORMATION TECHNOLOGY IN-** 10 **FRASTRUCTURE AND HANDLING OF DATA.**

11 The Comptroller General of the United States shall,  
12 not later than 1 year after the date of the enactment of  
13 this Act—

14 (1) perform an independent audit of the infor-  
15 mation technology (IT) infrastructure of the Securi-  
16 ties and Exchange Commission and the Commis-  
17 sion’s handling of data, including—

18 (A) a comparison of the Commission’s IT  
19 spending to other Federal financial regulators,  
20 including—

21 (i) the total amount spent on IT  
22 equipment and services; and

23 (ii) the amount of IT spending in pro-  
24 portion to each regulator’s total spending;

1 (B) examining the quality and effectiveness  
2 of the Commission’s IT contracting;

3 (C) determining if the Commission’s data  
4 and cybersecurity systems and procedures are  
5 sufficient; and

6 (D) examining any recent Commission IT  
7 or data events, such as breaches or hacks, that  
8 may have compromised the Commission’s IT in-  
9 frastructure or exposed a vulnerability; and

10 (2) provide to the Commission, the Committee  
11 on Financial Services of the House of Representa-  
12 tives, and the Committee on Banking, Housing, and  
13 Urban Affairs of the Senate a report containing—

14 (A) all findings and determinations made  
15 in conducting the audit; and

16 (B) recommendations for steps that can be  
17 taken to improve the Commission’s IT infra-  
18 structure.

19 **TITLE IV—REVIEW THE**  
20 **EXPANSION OF GOVERNMENT**

21 **SEC. 401. CONSIDERATION OF CUMULATIVE EFFECT OF**  
22 **REGULATIONS REQUIRED.**

23 (a) RULES UNDER THE SECURITIES ACT OF 1933.—  
24 Section 2(b) of the Securities Act of 1933 (15 U.S.C.  
25 77b(b)) is amended by inserting “, when considered indi-

1 vidually or cumulatively with other related rules or regula-  
2 tions or other related and recent proposed rules or regula-  
3 tions,” before “will promote”.

4 (b) RULES UNDER THE SECURITIES EXCHANGE ACT  
5 OF 1934.—Section 23(a)(2) of the Securities Exchange  
6 Act of 1934 (15 U.S.C. 78w(a)(2)) is amended by insert-  
7 ing “, when considered individually or cumulatively with  
8 other related rules or regulations or other related and re-  
9 cent proposed rules or regulations,” after “which would”.

10 (c) RULES UNDER THE INVESTMENT COMPANY ACT  
11 OF 1940.—Section 2(c) of the Investment Company Act  
12 of 1940 (15 U.S.C. 80a–2(c)) is amended by inserting “,  
13 when considered individually or cumulatively with other  
14 related rules or regulations or other related and recent  
15 proposed rules or regulations,” before “will promote”.

16 (d) RULES UNDER THE INVESTMENT ADVISERS ACT  
17 OF 1940.—Section 202(c) of the Investment Advisers Act  
18 of 1940 (15 U.S.C. 80b–2(c)) is amended by inserting “,  
19 when considered individually or cumulatively with other  
20 related rules or regulations or other related and recent  
21 proposed rules or regulations,” before “will promote”.

1 **TITLE V—STREAMLINING PUB-**  
2 **LIC COMPANY ACCOUNTING**  
3 **OVERSIGHT**

4 **SEC. 501. TRANSFER OF PUBLIC COMPANY ACCOUNTING**  
5 **OVERSIGHT BOARD TO SECURITIES AND EX-**  
6 **CHANGE COMMISSION.**

7 (a) GLOBAL AMENDMENTS.—Except as otherwise  
8 provided under this title, title I of the Sarbanes-Oxley Act  
9 of 2002 (15 U.S.C. 7211 et seq.) is amended—

10 (1) in the title heading, by striking “**PUBLIC**  
11 **COMPANY ACCOUNTING OVERSIGHT**  
12 **BOARD**” and inserting “**OFFICE OF PUBLIC**  
13 **ACCOUNTING OVERSIGHT**”;

14 (2) by striking “the Board” each place it ap-  
15 pears and inserting “the Office”;

16 (3) by striking “The Board” each place it ap-  
17 pears and inserting “The Office”; and

18 (4) by striking “the Board’s” each place it ap-  
19 pears and inserting “the Office’s”.

20 (b) REPEALS.—Sections 104, 105, and 107 of the  
21 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214; 15 U.S.C.  
22 7215; 15 U.S.C. 7217) are repealed.

23 (c) REFERENCES.—Beginning on the date that is 2  
24 years after the date of the enactment of this Act, any ref-  
25 erence to the Public Company Accounting Oversight

1 Board in any law, regulation, map, document, record, or  
2 other paper of the United States shall be deemed to be  
3 a reference to the Office of Public Accounting Oversight  
4 of the Office of the Chief Accountant of the Securities and  
5 Exchange Commission.

6 (d) **TERMINATION OF EXISTING BOARD.**—The Public  
7 Company Accounting Oversight Board shall terminate on  
8 the date that is 2 years after the date of the enactment  
9 of this Act.

10 **SEC. 502. ESTABLISHMENT; ADMINISTRATIVE PROVISIONS.**

11 (a) **IN GENERAL.**—Section 101 of the Sarbanes-  
12 Oxley Act of 2002 (15 U.S.C. 7211) is amended—

13 (1) by amending subsection (a) to read as fol-  
14 lows:

15 “(a) **ESTABLISHMENT OF OFFICE.**—There is estab-  
16 lished in the Office of the Chief Accountant of the Com-  
17 mission an Office of Public Accounting Oversight, to over-  
18 see the audit of companies that are subject to the securi-  
19 ties laws, and related matters, in order to protect the in-  
20 terests of investors and further the public interest in the  
21 preparation of informative, accurate, and independent  
22 audit reports.”;

23 (2) by amending subsection (b) to read as fol-  
24 lows:

1           “(b) DIRECTOR.—The Chief Accountant of the Office  
2 of the Chief Accountant of the Commission shall serve as  
3 the Director of the Office of Public Accounting Over-  
4 sight.”;

5           (3) in subsection (c)—

6           (A) in the heading, by striking “THE  
7 BOARD” and inserting “THE OFFICE”;

8           (B) by striking “, subject to action by the  
9 Commission under section 107, and once a de-  
10 termination is made by the Commission under  
11 subsection (d) of this section”;

12           (C) in paragraph (3), by striking “section  
13 104” and inserting “subsection (e)”;

14           (D) in paragraph (4), by striking “section  
15 105” and inserting “subsection (f)”;

16           (E) in paragraph (5)—

17           (i) by striking “the Board (or the  
18 Commission, by rule or order)” and insert-  
19 ing “the Commission”; and

20           (ii) by inserting “and” after the semi-  
21 colon;

22           (F) in paragraph (6)—

23           (i) by striking “the rules of the  
24 Board” and inserting “the rules of the  
25 Commission”; and

1 (ii) by striking “; and” and inserting  
2 a period; and

3 (G) by striking paragraph (7);

4 (4) in subsection (d)—

5 (A) by striking “The members of the  
6 Board” and inserting “The Chief Accountant of  
7 the Commission”;

8 (B) by striking “270 days after the date of  
9 enactment of this Act” and inserting “1 year  
10 after the date of the enactment of the Stream-  
11 lining Public Company Accounting Oversight  
12 Act”; and

13 (C) by striking the last sentence;

14 (5) by striking subsections (e), (f), and (g);

15 (6) by inserting after subsection (d) the fol-  
16 lowing:

17 “(e) INSPECTIONS OF REGISTERED PUBLIC AC-  
18 COUNTING FIRMS.—The Office shall conduct a continuing  
19 program of inspections to assess the degree of compliance  
20 of each registered public accounting firm and associated  
21 persons of that firm with this Act, the rules of the Com-  
22 mission, or professional standards, in connection with its  
23 performance of audits, issuance of audit reports, and re-  
24 lated matters involving issuers.

1           “(f) INVESTIGATIONS AND DISCIPLINARY PRO-  
2 CEEDINGS.—The Commission shall establish, by rule, fair  
3 procedures for the investigation and disciplining of reg-  
4 istered public accounting firms and associated persons of  
5 such firms.”; and

6           (7) by striking subsection (h).

7           (b) PUBLICATION OF RULES.—The Director of the  
8 Office of Public Accounting Oversight shall, promptly  
9 after the creation of the Office, cause to be published in  
10 the Federal Register all rules that are transferred to the  
11 jurisdiction of the Office pursuant to section 2 upon the  
12 termination of the Public Company Accounting Oversight  
13 Board.

14 **SEC. 503. REGISTRATION WITH THE OFFICE.**

15           Section 102 of the Sarbanes-Oxley Act of 2002 (15  
16 U.S.C. 7212) is amended—

17           (1) in the section heading by striking “**THE**  
18 **BOARD**” and inserting “**THE OFFICE**”;

19           (2) in subsection (b)(2)(H), by striking “the  
20 Board or”; and

21           (3) in subsection (c)(2), by striking “for pur-  
22 poses of sections 105(d) and 107(e)”.

1 **SEC. 504. AUDITING, QUALITY CONTROL, STANDARDS, AND**  
2 **RULES.**

3 Section 103 of the Sarbanes-Oxley Act of 2002 (15  
4 U.S.C. 7213) is amended—

5 (1) in the heading, by striking “**AND INDE-**  
6 **PENDENCE STANDARDS**” and inserting “**STAND-**  
7 **ARDS**”;

8 (2) in subsection (a)(3)—

9 (A) in subparagraph (A)(i), by striking “,  
10 subject to the terms of section 107,”;

11 (B) by striking subparagraph (B); and

12 (C) by redesignating subparagraph (C) as  
13 subparagraph (B);

14 (3) in subsection (e) in the heading of para-  
15 graph (2), by striking “BOARD” and inserting “OF-  
16 FICE”; and

17 (4) in subsection (d), by striking “101(h)” and  
18 inserting “101(g)”.

19 **SEC. 505. FOREIGN PUBLIC ACCOUNTING FIRMS.**

20 Section 106 of the Sarbanes-Oxley Act of 2002 (15  
21 U.S.C. 7216) is amended—

22 (1) in the heading of subsection (a)(2), by  
23 striking “BOARD” and inserting “OFFICE”; and

24 (2) in subsection (c)—

25 (A) by striking “and the Board, subject to  
26 the approval of the Commission, may,”; and

1 (B) by striking “(or Board)”.

2 **SEC. 506. FUNDING.**

3 Section 109 of the Sarbanes-Oxley Act of 2002 (15  
4 U.S.C. 7219) is amended—

5 (1) by amending subsection (b) to read as fol-  
6 lows:

7 “(b) ANNUAL BUDGETS.—

8 “(1) STANDARD SETTING BODY.—The standard  
9 setting body referred to in subsection (a) shall estab-  
10 lish a budget for each fiscal year, which shall be re-  
11 viewed and approved according to their respective in-  
12 ternal procedures not less than 1 month prior to the  
13 commencement of the fiscal year to which the budg-  
14 et pertains.

15 “(2) THE OFFICE.—The Commission shall es-  
16 tablish the budget for the Office for each fiscal  
17 year.”;

18 (2) in subsection (c)—

19 (A) by amending paragraph (1) to read as  
20 follows:

21 “(1) RECOVERABLE BUDGET EXPENSES.—

22 “(A) STANDARD SETTING BODY.—The  
23 budget of the standard setting body referred to  
24 in subsection (a) for each fiscal year shall be  
25 payable from annual accounting support fees, in

1           accordance with subsections (d) and (e). Ac-  
2           counting support fees and other receipts of such  
3           standard-setting body shall not be considered  
4           public monies of the United States.

5           “(B) THE OFFICE.—The budget of the Of-  
6           fice (reduced by any registration or annual fees  
7           received under section 102(f) for the year pre-  
8           ceding the year for which the budget is being  
9           computed) for each fiscal year may be payable  
10          from annual accounting support fees, in accord-  
11          ance with subsections (d) and (e). Accounting  
12          support fees and other receipts of the Office.”;

13          (B) in paragraph (2), by striking “shall”  
14          and inserting “may”;

15          (3) in subsection (d)—

16          (A) in the heading, by striking “THE  
17          BOARD” and inserting “THE OFFICE”;

18          (B) in paragraph (1), by striking “The  
19          Board shall establish, with the approval of the  
20          Commission,” and inserting “The Commission  
21          may establish”;

22          (C) in paragraph (2), by striking “shall”  
23          and inserting “may”; and

24          (D) by striking paragraph (3);

25          (4) in subsection (j)—

1 (A) by striking “either the Board,”; and

2 (B) by striking “, or both,”; and

3 (5) by striking subsection (k).

4 **SEC. 507. DEFINITIONS.**

5 Section 110 of the Sarbanes-Oxley Act of 2002 (15  
6 U.S.C. 7220) is amended—

7 (1) by redesignating paragraphs (5) and (6) as  
8 paragraphs (6) and (7); and

9 (2) by inserting after paragraph (4) the fol-  
10 lowing:

11 “(5) OFFICE.—The term ‘Office’ means the Of-  
12 fice of Public Accounting Oversight of the Office of  
13 the Chief Accountant of the Commission.”.

14 **SEC. 508. TECHNICAL AND CONFORMING AMENDMENTS.**

15 (a) DEFINITIONS.—Section 2(a)(9)(C) of the Sar-  
16 banes-Oxley Act of 2002 (15 U.S.C. 7201) is amended by  
17 striking “, 101(c), 105, and 107(c) and the rules of the  
18 Board and Commission issued thereunder” and inserting  
19 “and 101(c) and the rules of the Commission thereunder”.

20 (b) EXEMPTION AUTHORITY.—Section 201(b) of the  
21 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7231(b)) is  
22 amended—

23 (1) by striking “The Board may” and inserting  
24 “The Commission may”; and

1           (2) by striking “in the same manner as for  
2 rules of the Board under section 107”.

3           (c) SELF-REGULATORY ORGANIZATION.—Section  
4 603(y)(3) of the Consumer Credit Protection Act (15  
5 U.S.C. 1681a(y)(3)) is amended by striking “any entity  
6 established under title I of the Sarbanes-Oxley Act of  
7 2002,”.

8           (d) CLERICAL AMENDMENT.—The table of contents  
9 in section 1(b) of the Sarbanes-Oxley Act of 2002 is  
10 amended—

11           (1) by striking the item relating to title I and  
12 inserting the following new item:

“TITLE I—OFFICE OF PUBLIC ACCOUNTING OVERSIGHT”;

13           (2) in the item relating to section 102, by strik-  
14 ing “the Board” and inserting “the Office”;

15           (3) in the item relating to section 103, by strik-  
16 ing “and independence standards” and inserting  
17 “standards,”; and

18           (4) by striking the items relating to sections  
19 104, 105, and 107.

20 **SEC. 509. RULE OF CONSTRUCTION WITH RESPECT TO CO-**  
21 **OPERATIVE ARRANGEMENTS.**

22           Nothing in this title, or the amendments made by this  
23 title, shall be construed to invalidate or otherwise affect  
24 a cooperative arrangement between the Public Company  
25 Accounting Oversight Board and a foreign auditor over-

1 sight authority (as defined in section 2(a) of the Sarbanes-  
2 Oxley Act of 2002 (15 U.S.C. 7201(a))) in effect on the  
3 date that is 2 years after the date of the enactment of  
4 this Act.

5 **SEC. 510. REGULATIONS.**

6 The Securities and Exchange Commission may issue  
7 such regulations as may be necessary to carry out this  
8 title.

9 **SEC. 511. EFFECTIVE DATE.**

10 The amendments made by this title shall take effect  
11 on the date that is 2 years after the date of the enactment  
12 of this Act.

13 **TITLE VI—STUDY REGARDING**  
14 **MAJOR RULES ISSUED BY**  
15 **THE SECURITIES AND EX-**  
16 **CHANGE COMMISSION**

17 **SEC. 601. GAO STUDY REGARDING MAJOR RULES.**

18 Section 4 of the Securities Exchange Act of 1934 (15  
19 U.S.C. 78d), as amended by section 401, is further  
20 amended by adding at the end the following:

21 “(m) GAO STUDY REGARDING MAJOR RULES.—

22 “(1) STUDY REQUIRED.—

23 “(A) IN GENERAL.—Subject to subpara-  
24 graph (C), not later than 1 year after the date  
25 of the enactment of this subsection, and every

1           3 years thereafter, the Comptroller General of  
2           the United States shall carry out a study on  
3           each of the major rules issued by the Commis-  
4           sion since the last such review.

5           “(B) ELEMENTS.—The study required  
6           under subparagraph (A) shall include, with re-  
7           spect to each major rule described in such sub-  
8           paragraph—

9                   “(i) a cost benefit analysis of such  
10                   major rule;

11                   “(ii) a comparison between the cost  
12                   benefit analysis under clause (i) and the  
13                   cost benefit analysis for the same major  
14                   rule carried out by the Commission;

15                   “(iii) a comparison between the pro-  
16                   jected costs of the major rule and the ac-  
17                   tual costs of the major rule; and

18                   “(iv) an evaluation of whether each  
19                   major rule—

20                           “(I) facilitates capital formation;

21                           “(II) promotes fair, efficient  
22                           markets; and

23                           “(III) protects investors.

24           “(C) SPECIAL RULE.—If a study required  
25           under subparagraph (A) would apply to more

1           than 10 major rules, the Comptroller General  
2           shall review only the 10 major rules that are  
3           the most significant, as determined by the  
4           Comptroller General.

5           “(2) REPORT.—Not later than 1 year after  
6           completing a study under paragraph (1), the Comp-  
7           troller General shall submit to the Committee on Fi-  
8           nancial Services of the House of Representatives and  
9           the Committee on Banking, Housing, and Urban Af-  
10          fairs of the Senate a report that includes—

11                   “(A) the results of such study; and

12                   “(B) with respect to any major rule re-  
13           viewed in such study that has not yet been fully  
14           implemented by the Commission, a statement  
15           that the Comptroller General is unable to fully  
16           analyze the costs of the major rule at the time  
17           the report is submitted.

18           “(3) MAJOR RULE DEFINED.—In this sub-  
19           section, the term ‘major rule’ has the meaning given  
20           the term in section 804 of title 5, United States  
21           Code.”.

1       **TITLE VII—MINIMUM PUBLIC**  
2                   **COMMENT PERIOD**

3       **SEC. 701. MINIMUM PUBLIC COMMENT PERIOD.**

4           Section 4 of the Securities Exchange Act of 1934 (15  
5 U.S.C. 78d), as amended by section 601, is further  
6 amended by adding at the end the following:

7           “(n) MINIMUM PUBLIC COMMENT PERIOD.—

8                   “(1) IN GENERAL.—With respect to a proposed  
9 rulemaking for which a public comment period is re-  
10 quired under section 553 of title 5, United States  
11 Code, the Commission shall provide a public com-  
12 ment period of—

13                           “(A) at least 60 days; or

14                           “(B) if the Commission determines the  
15 proposed rule addresses imminent investor  
16 harm, at least 30 days.

17                   “(2) CALCULATION OF PERIODS.—For purposes  
18 of calculating the number of days in a period under  
19 paragraph (1) with respect to a proposed rule-  
20 making—

21                           “(A) a Federal holiday shall not be count-  
22 ed; and

23                           “(B) the period shall begin on the date the  
24 proposed rule is published in the Federal Reg-  
25 ister.”.

1                   **TITLE VIII—SECURITIES**  
2                   **ENFORCEMENT CLARITY**

3   **SEC. 801. DETERMINATION OF THE NUMBER OF VIOLA-**  
4                   **TIONS.**

5           (a) SECURITIES ACT OF 1933.—The Securities Act  
6 of 1933 is amended—

7                   (1) in section 8A(g) (15 U.S.C. 77h–1(g)), by  
8 adding at the end the following:

9                   “(4) DETERMINATION OF NUMBER OF VIOLA-  
10 TIONS.—For purposes of determining the number of  
11 violations for which to impose penalties under para-  
12 graph (1), separate acts of noncompliance are a sin-  
13 gular violation when the acts are the result of—

14                           “(A) a common or a substantially overlap-  
15 ping originating cause;

16                           “(B) the same misstatement or omission;  
17 or

18                           “(C) a continuing failure to comply.”; and

19                   (2) in section 20(d) (15 U.S.C. 77t(d)), by add-  
20 ing at the end the following:

21                   “(5) DETERMINATION OF NUMBER OF VIOLA-  
22 TIONS.—For purposes of determining the number of  
23 violations for which to impose penalties under para-  
24 graph (1), separate acts of noncompliance are a sin-  
25 gular violation when the acts are the result of—

1           “(A) a common or a substantially overlap-  
2           ping originating cause;

3           “(B) the same misstatement or omission;  
4           or

5           “(C) a continuing failure to comply.”.

6           (b) SECURITIES EXCHANGE ACT OF 1934.—The Se-  
7           curities Exchange Act of 1934 is amended—

8           (1) in section 21(d)(3) (15 U.S.C. 78u(d)(3)),  
9           by adding at the end the following:

10           “(E) DETERMINATION OF NUMBER OF VIOLA-  
11           TIONS.—For purposes of determining the number of  
12           violations for which to impose penalties under sub-  
13           paragraph (A)(i), separate acts of noncompliance are  
14           a single violation when the acts are the result of—

15           “(i) a common or a substantially overlap-  
16           ping originating cause;

17           “(ii) the same misstatement or omission;  
18           or

19           “(iii) a continuing failure to comply.”;

20           (2) in section 21B(a) (15 U.S.C. 78u–2(b)), by  
21           adding at the end the following:

22           “(3) DETERMINATION OF NUMBER OF VIOLA-  
23           TIONS, ACTS, OR OMISSIONS.—For purposes of de-  
24           termining the number of violations, acts, or omis-  
25           sions for which to impose penalties under this sub-

1 section, separate acts of noncompliance are a single  
2 violation, act, or omission when the acts are the re-  
3 sult of—

4 “(A) a common or a substantially overlap-  
5 ping originating cause;

6 “(B) the same misstatement or omission;  
7 or

8 “(C) a continuing failure to comply.”; and  
9 (3) in section 32 (15 U.S.C. 78ff), by adding at  
10 the end the following:

11 “(d) DETERMINATION OF NUMBER OF VIOLA-  
12 TIONS.—For purposes of determining the number of viola-  
13 tions for which to impose penalties under subsection (c),  
14 separate acts of noncompliance are a single violation when  
15 the acts are the result of—

16 “(1) a common or a substantially overlapping  
17 originating cause;

18 “(2) the same misstatement or omission; or

19 “(3) a continuing failure to comply.”.

20 (e) INVESTMENT COMPANY ACT OF 1940.—The In-  
21 vestment Company Act of 1940 is amended—

22 (1) in section 9(d) (15 U.S.C. 80a–9(d)), by  
23 adding at the end the following:

24 “(5) DETERMINATION OF NUMBER OF VIOLA-  
25 TIONS, ACTS, OR OMISSIONS.—For purposes of de-

1       termining the number of violations, acts, or omis-  
2       sions for which to impose penalties under paragraph  
3       (1), separate acts of noncompliance are a single vio-  
4       lation, act, or omission when the acts are the result  
5       of—

6               “(A) a common or a substantially overlap-  
7               ping originating cause;

8               “(B) the same misstatement or omission;  
9               or

10              “(C) a continuing failure to comply.”; and  
11              (2) in section 42(e) (15 U.S.C. 80a–41(e)), by  
12       adding at the end the following:

13              “(5) DETERMINATION OF NUMBER OF VIOLA-  
14       TIONS.—For purposes of determining the number of  
15       violations for which to impose penalties under para-  
16       graph (1), separate acts of noncompliance are a sin-  
17       gle violation when the acts are the result of—

18              “(A) a common or a substantially overlap-  
19              ping originating cause;

20              “(B) the same misstatement or omission;  
21              or

22              “(C) a continuing failure to comply.”.

23       (d) INVESTMENT ADVISORS ACT OF 1940.—The In-  
24       vestment Advisers Act of 1940 is amended—

1 (1) in section 203(i) (15 U.S.C. 80b–3(i)), by  
2 adding at the end the following:

3 “(5) DETERMINATION OF NUMBER OF VIOLA-  
4 TIONS, ACTS, OR OMISSIONS.—For purposes of de-  
5 termining the number of violations, acts, or omis-  
6 sions for which to impose penalties under paragraph  
7 (1), separate acts of noncompliance are a single vio-  
8 lation, act, or omission when the acts are the result  
9 of—

10 “(A) a common or a substantially overlap-  
11 ping originating cause;

12 “(B) the same misstatement or omission;  
13 or

14 “(C) a continuing failure to comply.”; and

15 (2) in section 209(e) (15 U.S.C. 80b–9(e)), by  
16 adding at the end the following:

17 “(5) DETERMINATION OF NUMBER OF VIOLA-  
18 TIONS.—For purposes of determining the number of  
19 violations for which to impose penalties under para-  
20 graph (1), separate acts of noncompliance are a sin-  
21 gle violation when the acts are the result of—

22 “(A) a common or a substantially overlap-  
23 ping originating cause;

24 “(B) the same misstatement or omission;  
25 or

1 “(C) a continuing failure to comply.”.

2 **TITLE IX—SEC MODERNIZATION**

3 **SEC. 901. COMMISSION ORGANIZATION.**

4 (a) REVIEW OF THE ORGANIZATION OF THE COMMIS-  
5 SION.—

6 (1) REVIEW REQUIRED.—Not later than 180  
7 days after the date of enactment of this Act, the  
8 Chairman of the Securities and Exchange Commis-  
9 sion shall conduct a review of the organizational  
10 structure of the Commission, including the offices  
11 and officials that report directly to the Chairman.

12 (2) REORGANIZATION.—Not later than 90 days  
13 after completing the review required under para-  
14 graph (1), the Chairman shall, to the extent prac-  
15 ticable and consistent with applicable law, reduce the  
16 number of offices and officials reporting directly to  
17 the Chairman by reassigning such offices and offi-  
18 cials within the organizational structure of the Com-  
19 mission.

20 (3) REPORT.—Not later than 30 days after  
21 completing the reorganization required under para-  
22 graph (2), the Chairman shall submit to the Com-  
23 mittee on Financial Services of the House of Rep-  
24 resentatives and the Committee on Banking, Hous-

1       ing, and Urban Affairs of the Senate a report con-  
2       taining—

3               (A) a description of the offices and officials  
4               that reported directly to the Chairman on the  
5               date of enactment of this Act;

6               (B) an identification of the offices and offi-  
7               cials whose reporting relationships are required  
8               by statute;

9               (C) a description of the changes made pur-  
10              suant to paragraph (2);

11              (D) an identification of any offices or offi-  
12              cials that continue to report directly to the  
13              Chairman and the reasons such reporting rela-  
14              tionships were retained; and

15              (E) any legislative recommendations for  
16              further reducing the number of offices and offi-  
17              cials reporting directly to the Chairman.

18              (4) PRESERVATION OF COMMISSION AUTHOR-  
19              ITY.—This subsection shall not prohibit the Com-  
20              mission from reorganizing the offices described in  
21              this subsection in the future, if the Commission de-  
22              termines such reorganization is necessary or appro-  
23              priate in the public interest or for the protection of  
24              investors.

1           (b) REGIONAL OFFICE CONSOLIDATION.—The Secu-  
2 rities and Exchange Commission shall, if the Commission  
3 determines it appropriate, consolidate the regional offices  
4 of the Commission.