

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9329
OFFERED BY MRS. WAGNER OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

4 (b) TABLE OF CONTENTS.—The table of contents for
5 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—

1 “(A) clearly identify the nature and source
2 of the problem that the regulation is designed
3 to address, as well as assess the significance of
4 that problem, to enable assessment of whether
5 any new regulation is warranted; and

6 “(B) ensure that the regulation would be
7 within the Commission’s jurisdiction and that
8 the Commission has sufficient experience and
9 expertise to regulate the subject matter covered
10 by the regulation.

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

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

15 “(i) clearly identify the market par-
16 ticipants who will be impacted by the regu-
17 lation;

18 “(ii) utilize the Chief Economist of
19 the Commission to assess the costs and
20 benefits, both qualitative and quantitative,
21 of the regulation, both on the regulation’s
22 own and cumulatively with other existing
23 and related proposed regulations;

24 “(iii) only issue the regulation if the
25 Commission makes a reasoned determina-

1 tion that the benefits of the regulation jus-
2 tify the costs of the regulation;

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

6 “ (v) ensure that the length of the
7 public comment period is commensurate
8 with the complexity of the regulation and
9 the expected public interest in the rule-
10 making.

11 “(B) INCLUSION OF INFORMATION IN A
12 PROPOSED OR FINAL REGULATION.—In issuing
13 a proposed or final regulation, the Commission
14 shall include in the regulation—

15 “(i) the results of the identifications
16 and assessments required under clauses (i)
17 and (ii) of subparagraph (A) with respect
18 to the regulation;

19 “(ii) an explanation of why the regula-
20 tion meets the regulatory objectives of the
21 Commission more effectively than other
22 available alternatives;

23 “(iii) a description of how the Com-
24 mission intends the regulation to interact

1 with existing regulations and proposed reg-
2 ulations; and

3 “(iv) a justification of the length of
4 the public comment period for the regula-
5 tion.

6 “(3) CONSIDERATIONS AND ACTIONS.—

7 “(A) REQUIRED ACTIONS.—In deciding
8 whether and how to regulate, the Commission
9 shall assess the costs and benefits of available
10 regulatory alternatives, including the alternative
11 of not regulating, and choose the approach that
12 maximizes benefits net of costs, to the extent
13 practicable. Specifically, the Commission
14 shall—

15 “(i) consistent with the requirements
16 of section 3(f) (15 U.S.C. 78c(f)), section
17 2(b) of the Securities Act of 1933 (15
18 U.S.C. 77b(b)), section 202(c) of the In-
19 vestment Advisers Act of 1940 (15 U.S.C.
20 80b–2(c)), and section 2(c) of the Invest-
21 ment Company Act of 1940 (15 U.S.C.
22 80a–2(c)), consider whether a rulemaking
23 (both on the regulation’s own and cumula-
24 tively with other related and proposed reg-
25 ulations), in addition to being in the inter-

1 est of protecting investors, will promote ef-
2 ficiency, competition, and capital forma-
3 tion; and

4 “(ii) evaluate whether a regulation is
5 inconsistent, incompatible, or duplicative of
6 other Federal regulations.

7 “(B) ADDITIONAL CONSIDERATIONS.—In
8 addition, in making a reasoned determination
9 under paragraph (2)(A)(iii) of the costs and
10 benefits of a regulation, the Commission shall,
11 to the extent that each is relevant to the par-
12 ticular regulation, take into consideration the
13 impact of the regulation on—

14 “(i) investor choice;

15 “(ii) market liquidity in the securities
16 markets;

17 “(iii) small businesses;

18 “(iv) competition in the marketplace;

19 and

20 “(v) investor access.

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

22 “(A) IN GENERAL.—Whenever the Com-
23 mission issues a final regulation that is a
24 ‘major rule’ (as defined under section 804 of

1 title 5, United States Code), it shall state, in
2 the regulation, the following:

3 “(i) The purposes and intended con-
4 sequences of the regulation.

5 “(ii) Appropriate post-implementation
6 quantitative and qualitative metrics to
7 measure the economic impact of the regu-
8 lation and to measure the extent prac-
9 ticable to which the regulation has accom-
10 plished the stated purposes.

11 “(iii) The assessment plan that will be
12 used, consistent with the requirements of
13 subparagraph (B).

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

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

19 “(i) REQUIREMENTS OF PLAN.—For
20 each regulation described under subpara-
21 graph (A), the Commission, in consultation
22 with the Chief Economist, shall establish
23 an assessment plan, which shall—

24 “(I) identify the costs, benefits,
25 and intended and unintended con-

1 sequences as identified in the rule-
2 making release of the regulation; and

3 “(II) specify the data to be col-
4 lected, the methods for collection and
5 analysis of the data, and a date for
6 completion of the assessment.

7 “(ii) TIMING OF ASSESSMENT PLAN
8 REPORT.—A report on each completed as-
9 sessment plan described under clause (i)
10 shall be submitted by the Chief Economist
11 to the Commission not later than the end
12 of the 4-year period beginning on the date
13 the applicable regulation is issued, unless
14 the Commission, at the request of the
15 Chief Economist, publishes at least 90
16 days before the end of such period a notice
17 in the Federal Register extending the date
18 and providing specific reasons why an ex-
19 tension is necessary.

20 “(iii) PUBLIC COMMENT.—Not later
21 than 30 days after the Commission re-
22 ceives an assessment plan report under
23 clause (ii), the Commission shall publish
24 the report in the Federal Register for pub-
25 lic comment.

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

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

12 “(B) does not include—

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

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

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

24 “(iv) a regulation that is certified by
25 the agency to be an emergency action, if

1 such certification is published in the Fed-
2 eral Register.”.

3 **TITLE II—SEC TRANSPARENCY**

4 **SEC. 201. SEMIANNUAL TESTIMONY TO CONGRESS RE-** 5 **GARDING ACTIVITIES OF THE SECURITIES** 6 **AND EXCHANGE COMMISSION.**

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

10 “(k) SEMIANNUAL TESTIMONY TO CONGRESS.—The
11 Chairman of the Commission shall, not less than once
12 every 6 months after the date of the enactment of this
13 subsection, testify before the Committee on Financial
14 Services of the House of Representatives and the Com-
15 mittee on Banking, Housing, and Urban Affairs of the
16 Senate on the activities of the Commission. At least once
17 annually, the Commissioners shall join the Chairman with
18 respect to testifying pursuant to the preceding sentence.”.

19 **TITLE III—SEC CYBERSECURITY**

20 **SEC. 301. GAO AUDIT OF INFORMATION TECHNOLOGY IN-** 21 **FRASTRUCTURE AND HANDLING OF DATA.**

22 The Comptroller General of the United States shall,
23 not later than 1 year after the date of the enactment of
24 this Act—

1 (1) perform an independent audit of the infor-
2 mation technology (IT) infrastructure of the Securi-
3 ties and Exchange Commission and the Commis-
4 sion's handling of data, including—

5 (A) a comparison of the Commission's IT
6 spending to other Federal financial regulators,
7 including—

8 (i) the total amount spent on IT
9 equipment and services; and

10 (ii) the amount of IT spending in pro-
11 portion to each regulator's total spending;

12 (B) examining the quality and effectiveness
13 of the Commission's IT contracting;

14 (C) determining if the Commission's data
15 and cybersecurity systems and procedures are
16 sufficient; and

17 (D) examining any recent Commission IT
18 or data events, such as breaches or hacks, that
19 may have compromised the Commission's IT in-
20 frastructure or exposed a vulnerability; and

21 (2) provide to the Commission, the Committee
22 on Financial Services of the House of Representa-
23 tives, and the Committee on Banking, Housing, and
24 Urban Affairs of the Senate a report containing—

1 (A) all findings and determinations made
2 in conducting the audit; and

3 (B) recommendations for steps that can be
4 taken to improve the Commission’s IT infra-
5 structure.

6 **TITLE IV—REVIEW THE**
7 **EXPANSION OF GOVERNMENT**

8 **SEC. 401. CONSIDERATION OF CUMULATIVE EFFECT OF**
9 **REGULATIONS REQUIRED.**

10 (a) RULES UNDER THE SECURITIES ACT OF 1933.—
11 Section 2(b) of the Securities Act of 1933 (15 U.S.C.
12 77b(b)) is amended by inserting “, when considered indi-
13 vidually or cumulatively with other related rules or regula-
14 tions or other related and recent proposed rules or regula-
15 tions,” before “will promote”.

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

22 (c) RULES UNDER THE INVESTMENT COMPANY ACT
23 OF 1940.—Section 2(c) of the Investment Company Act
24 of 1940 (15 U.S.C. 80a–2(c)) is amended by inserting “,
25 when considered individually or cumulatively with other

1 related rules or regulations or other related and recent
2 proposed rules or regulations,” before “will promote”.

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

9 **TITLE V—STREAMLINING PUB-**
10 **LIC COMPANY ACCOUNTING**
11 **OVERSIGHT**

12 **SEC. 501. TRANSFER OF PUBLIC COMPANY ACCOUNTING**
13 **OVERSIGHT BOARD TO SECURITIES AND EX-**
14 **CHANGE COMMISSION.**

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

18 (1) in the title heading, by striking “**PUBLIC**
19 **COMPANY ACCOUNTING OVERSIGHT**
20 **BOARD**” and inserting “**OFFICE OF PUBLIC**
21 **ACCOUNTING OVERSIGHT**”;

22 (2) by striking “the Board” each place it ap-
23 pears and inserting “the Commission”;

24 (3) by striking “The Board” each place it ap-
25 pears and inserting “The Commission”; and

1 (4) by striking “the Board’s” each place it ap-
2 pears and inserting “the Commission’s”.

3 (b) REPEALS.—Sections 104, 105, and 107 of the
4 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214; 15 U.S.C.
5 7215; 15 U.S.C. 7217) are repealed.

6 (c) REFERENCES.—Beginning on the date that is 2
7 years after the date of the enactment of this Act, any ref-
8 erence to the Public Company Accounting Oversight
9 Board in any law, regulation, map, document, record, or
10 other paper of the United States shall be deemed to be
11 a reference to the Office of Public Accounting Oversight
12 of the Office of the Chief Accountant of the Securities and
13 Exchange Commission.

14 (d) TERMINATION OF EXISTING BOARD.—The Public
15 Company Accounting Oversight Board shall terminate on
16 the date that is 2 years after the date of the enactment
17 of this Act.

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

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

21 (1) by amending subsection (a) to read as fol-
22 lows:

23 “(a) ESTABLISHMENT OF OFFICE.—There is estab-
24 lished in the Office of the Chief Accountant of the Com-
25 mission an Office of Public Accounting Oversight, to over-

1 see the audit of companies that are subject to the securi-
2 ties laws, and related matters, in order to protect the in-
3 terests of investors and further the public interest in the
4 preparation of informative, accurate, and independent
5 audit reports.”;

6 (2) by amending subsection (b) to read as fol-
7 lows:

8 “(b) DIRECTOR.—The Chief Accountant of the Office
9 of the Chief Accountant of the Commission shall serve as
10 the Director of the Office of Public Accounting Over-
11 sight.”;

12 (3) in subsection (c)—

13 (A) in the heading, by striking “THE
14 BOARD” and inserting “THE COMMISSION”;

15 (B) by striking “, subject to action by the
16 Commission under section 107, and once a de-
17 termination is made by the Commission under
18 subsection (d) of this section”;

19 (C) in paragraph (3), by striking “section
20 104” and inserting “subsection (e)”;

21 (D) in paragraph (4), by striking “section
22 105” and inserting “subsection (f)”;

23 (E) in paragraph (5)—

1 (i) by striking “the Board (or the
2 Commission, by rule or order)” and insert-
3 ing “the Commission”; and

4 (ii) by inserting “and” after the semi-
5 colon;

6 (F) in paragraph (6)—

7 (i) by striking “the rules of the
8 Board” and inserting “the rules of the
9 Commission”; and

10 (ii) by striking “; and” and inserting
11 a period; and

12 (G) by striking paragraph (7);

13 (4) in subsection (d)—

14 (A) by striking “The members of the
15 Board” and inserting “The Chief Accountant of
16 the Commission”;

17 (B) by striking “270 days after the date of
18 enactment of this Act” and inserting “1 year
19 after the date of the enactment of the Stream-
20 lining Public Company Accounting Oversight
21 Act”; and

22 (C) by striking the last sentence;

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

24 and

1 (6) by inserting after subsection (d) the fol-
2 lowing:

3 “(e) INSPECTIONS OF REGISTERED PUBLIC AC-
4 COUNTING FIRMS.—The Office shall conduct a continuing
5 program of inspections to assess the degree of compliance
6 of each registered public accounting firm and associated
7 persons of that firm with this Act, the rules of the Com-
8 mission, or professional standards, in connection with its
9 performance of audits, issuance of audit reports, and re-
10 lated matters involving issuers.

11 “(f) INVESTIGATIONS AND DISCIPLINARY PRO-
12 CEEDINGS.—The Commission shall establish, by rule, fair
13 procedures for the investigation and disciplining of reg-
14 istered public accounting firms and associated persons of
15 such firms.”.

16 (b) PUBLICATION OF RULES.—The Commission
17 shall, promptly after the creation of the Office, cause to
18 be published in the Federal Register a notice that all rules
19 of the Public Company Accounting Oversight Board shall
20 remain in effect as Commission rules upon the termination
21 of the Public Company Accounting Oversight Board.

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

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

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

3 (2) in subsection (b)(2)(H), by striking “the
4 Board or”;

5 (3) in subsection (c)—

6 (A) by striking “APPLICATIONS.—” and all
7 that follows through “The Board” and inserting
8 “APPLICATIONS.—The Board”; and

9 (B) by striking paragraph (2);

10 (4) in subsection (d), by striking “the Board
11 or”;

12 (5) in subsection (e), by striking “the Board
13 or”.

14 **SEC. 504. AUDITING, QUALITY CONTROL, STANDARDS, AND**
15 **RULES.**

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

18 (1) in the heading, by striking “**AND INDE-**
19 **PENDENCE STANDARDS**” and inserting “**STAND-**
20 **ARDS**”;

21 (2) in subsection (a)(3)—

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

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

1 (C) by redesignating subparagraph (C) as
2 subparagraph (B);

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

6 (4) in subsection (d), by striking “The Board
7 shall include in the annual report required by section
8 101(h)” and inserting “The Commission shall in-
9 clude in the Commission’s annual performance re-
10 port to Congress”.

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

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

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

16 (2) in subsection (c)—

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

19 (B) by striking “(or Board)”.

20 **SEC. 506. FUNDING.**

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

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

25 “(b) ANNUAL BUDGETS.—

1 “(1) STANDARD SETTING BODY.—The standard
2 setting body referred to in subsection (a) shall estab-
3 lish a budget for each fiscal year, which shall be—

4 “(A) reviewed and approved according to
5 their respective internal procedures not less
6 than 1 month prior to the commencement of
7 the fiscal year to which the budget pertains;
8 and

9 “(B) subject to approval by the Commis-
10 sion.

11 “(2) THE OFFICE.—The Commission shall es-
12 tablish the budget for the Office for each fiscal
13 year.”;

14 (2) in subsection (c)—

15 (A) by amending paragraph (1) to read as
16 follows:

17 “(1) RECOVERABLE BUDGET EXPENSES.—

18 “(A) STANDARD SETTING BODY.—The
19 budget of the standard setting body referred to
20 in subsection (a) for each fiscal year shall be
21 payable from annual accounting support fees, in
22 accordance with subsections (d) and (e). Ac-
23 counting support fees and other receipts of such
24 standard-setting body shall not be considered
25 public monies of the United States.

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

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

11 (3) in subsection (d)—

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

14 (B) in paragraph (1), by striking “The
15 Board shall establish, with the approval of the
16 Commission,” and inserting “The Commission
17 may establish”;

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

20 (D) by striking paragraph (3);

21 (4) in subsection (j)—

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

23 (B) by striking “, or both,”; and

24 (5) by striking subsection (k).

1 **SEC. 507. DEFINITIONS.**

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

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

6 (2) by inserting after paragraph (4) the fol-
7 lowing:

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

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

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

17 (b) EXEMPTION AUTHORITY.—Section 201(b) of the
18 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7231(b)) is
19 amended—

20 (1) by striking “The Board may” and inserting
21 “The Commission may”; and

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

24 (c) SELF-REGULATORY ORGANIZATION.—Section
25 603(y)(3) of the Consumer Credit Protection Act (15
26 U.S.C. 1681a(y)(3)) is amended by striking “any entity

1 established under title I of the Sarbanes-Oxley Act of
2 2002,”.

3 (d) CLERICAL AMENDMENT.—The table of contents
4 in section 1(b) of the Sarbanes-Oxley Act of 2002 is
5 amended—

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

“TITLE I—OFFICE OF PUBLIC ACCOUNTING OVERSIGHT”;

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

10 (3) in the item relating to section 103, by strik-
11 ing “and independence standards” and inserting
12 “standards,”; and

13 (4) by striking the items relating to sections
14 104, 105, and 107.

15 **SEC. 509. RULE OF CONSTRUCTION WITH RESPECT TO CO-**
16 **OPERATIVE ARRANGEMENTS.**

17 Nothing in this title, or the amendments made by this
18 title, shall be construed to invalidate or otherwise affect
19 a cooperative arrangement or agreement between the Pub-
20 lic Company Accounting Oversight Board and a foreign
21 auditor oversight authority (as defined in section 2(a) of
22 the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(a))) in
23 effect on the date that is 2 years after the date of the
24 enactment of this Act.

1 **SEC. 510. REGULATIONS.**

2 The Securities and Exchange Commission may issue
3 such regulations as may be necessary to carry out this
4 title.

5 **SEC. 511. EFFECTIVE DATE.**

6 The amendments made by this title shall take effect
7 on the date that is 2 years after the date of the enactment
8 of this Act.

9 **TITLE VI—STUDY REGARDING**
10 **MAJOR RULES ISSUED BY**
11 **THE SECURITIES AND EX-**
12 **CHANGE COMMISSION**

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

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

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

18 “(1) STUDY REQUIRED.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (C), not later than 1 year after the date
21 of the enactment of this subsection, and every
22 3 years thereafter, the Comptroller General of
23 the United States shall carry out a study on
24 each of the major rules issued by the Commis-
25 sion since the last such review.

1 “(B) ELEMENTS.—The study required
2 under subparagraph (A) shall include, with re-
3 spect to each major rule described in such sub-
4 paragraph—

5 “(i) a cost benefit analysis of such
6 major rule;

7 “(ii) a comparison between the cost
8 benefit analysis under clause (i) and the
9 cost benefit analysis for the same major
10 rule carried out by the Commission;

11 “(iii) a comparison between the pro-
12 jected costs of the major rule and the ac-
13 tual costs of the major rule; and

14 “(iv) an evaluation of whether each
15 major rule—

16 “(I) facilitates capital formation;

17 “(II) promotes fair, efficient
18 markets; and

19 “(III) protects investors.

20 “(C) SPECIAL RULE.—If a study required
21 under subparagraph (A) would apply to more
22 than 10 major rules, the Comptroller General
23 shall review only the 10 major rules that are
24 the most significant, as determined by the
25 Comptroller General.

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

7 “(A) the results of such study; and

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

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

18 **TITLE VII—MINIMUM PUBLIC** 19 **COMMENT PERIOD**

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

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

24 “(n) MINIMUM PUBLIC COMMENT PERIOD.—

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

6 “(A) at least 60 days; or

7 “(B) if the Commission determines the
8 proposed rule addresses imminent investor
9 harm, at least 30 days.

10 “(2) CALCULATION OF PERIODS.—For purposes
11 of calculating the number of days in a period under
12 paragraph (1) with respect to a proposed rule-
13 making—

14 “(A) a Federal holiday shall not be count-
15 ed; and

16 “(B) the period shall begin on the date the
17 proposed rule is published in the Federal Reg-
18 ister.”.

19 **TITLE VIII—SECURITIES**
20 **ENFORCEMENT CLARITY**

21 **SEC. 801. DETERMINATION OF THE NUMBER OF VIOLA-**
22 **TIONS.**

23 (a) SECURITIES ACT OF 1933.—The Securities Act
24 of 1933 is amended—

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

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

8 “(A) a common or a substantially overlap-
9 ping originating cause;

10 “(B) the same misstatement or omission;

11 or

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

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

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

20 “(A) a common or a substantially overlap-
21 ping originating cause;

22 “(B) the same misstatement or omission;

23 or

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

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

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

5 “(E) DETERMINATION OF NUMBER OF VIOLA-
6 TIONS.—For purposes of determining the number of
7 violations for which to impose penalties under sub-
8 paragraph (A)(i), separate acts of noncompliance are
9 a single violation when the acts are the result of—

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

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

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

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

17 “(3) DETERMINATION OF NUMBER OF VIOLA-
18 TIONS, ACTS, OR OMISSIONS.—For purposes of de-
19 termining the number of violations, acts, or omis-
20 sions for which to impose penalties under this sub-
21 section, separate acts of noncompliance are a single
22 violation, act, or omission when the acts are the re-
23 sult of—

24 “(A) a common or a substantially overlap-
25 ping originating cause;

1 “(B) the same misstatement or omission;

2 or

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

4 (3) in section 32 (15 U.S.C. 78ff), by adding at
5 the end the following:

6 “(d) DETERMINATION OF NUMBER OF VIOLA-
7 TIONS.—For purposes of determining the number of viola-
8 tions for which to impose penalties under subsection (c),
9 separate acts of noncompliance are a single violation when
10 the acts are the result of—

11 “(1) a common or a substantially overlapping
12 originating cause;

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

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

15 (c) INVESTMENT COMPANY ACT OF 1940.—The In-
16 vestment Company Act of 1940 is amended—

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

19 “(5) DETERMINATION OF NUMBER OF VIOLA-
20 TIONS, ACTS, OR OMISSIONS.—For purposes of de-
21 termining the number of violations, acts, or omis-
22 sions for which to impose penalties under paragraph
23 (1), separate acts of noncompliance are a single vio-
24 lation, act, or omission when the acts are the result
25 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.”; and

6 (2) in section 42(e) (15 U.S.C. 80a–41(e)), by
7 adding at the end the following:

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

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

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

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

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

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

22 “(5) 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 paragraph

1 (1), separate acts of noncompliance are a single vio-
2 lation, act, or omission when the acts are the result
3 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 (2) in section 209(e) (15 U.S.C. 80b–9(e)), by
10 adding at the end the following:

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

16 “(A) a common or a substantially overlap-
17 ping originating cause;

18 “(B) the same misstatement or omission;
19 or

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

21 **TITLE IX—SEC MODERNIZATION**

22 **SEC. 901. COMMISSION ORGANIZATION.**

23 (a) REVIEW OF THE ORGANIZATION OF THE COMMIS-
24 SION.—

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

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

15 (3) REPORT.—Not later than 30 days after
16 completing the reorganization required under para-
17 graph (2), the Chairman shall submit to the Com-
18 mittee on Financial Services of the House of Rep-
19 resentatives and the Committee on Banking, Hous-
20 ing, and Urban Affairs of the Senate a report con-
21 taining—

22 (A) a description of the offices and officials
23 that reported directly to the Chairman on the
24 date of enactment of this Act;

1 (B) an identification of the offices and offi-
2 cials whose reporting relationships are required
3 by statute;

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

6 (D) an identification of any offices or offi-
7 cials that continue to report directly to the
8 Chairman and the reasons such reporting rela-
9 tionships were retained; and

10 (E) any legislative recommendations for
11 further reducing the number of offices and offi-
12 cials reporting directly to the Chairman.

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

20 (b) REGIONAL OFFICE CONSOLIDATION.—The Secu-
21 rities and Exchange Commission shall, if the Commission
22 determines it appropriate, consolidate the regional offices
23 of the Commission.

