

MEMO# 1278

July 24, 1989

HOUSE ENERGY AND COMMERCE COMMITTEE REPORTS SEC FUNDING BILL

July 24, 1989 TO: BOARD OF GOVERNORS NO. 43-89 SEC RULES MEMBERS NO. 32-89 RE:
HOUSE ENERGY AND COMMERCE COMMITTEE REPORTS SEC FUNDING BILL

The House Energy and Commerce Committee has reported a bill that would change the SEC's funding a manner that appears to result, commencing in 1992, in a self-funding approach. The bill would increase certain user fees charged by the SEC for fiscal years 1990 and 1991, including registration fees under the 1933 Act. The increase in 1933 Act fees, however, would take effect only if the SEC's budget were increased by \$26 million in 1990 and \$50 million in 1991. The intent appears to be to allow for such budgetary increases to be offset by the increased revenues to the Treasury arising from the increased registration fees. For years commencing with fiscal year 1992, the SEC would be directed to adopt rules to adjust its fees to the budget authorized by Congress. In 1992, the fees would have to exceed the budget by \$100 million. This surplus amount would decline over time to zero in fiscal year 1996. The result appears to be that, while Congress would retain authority to set the SEC's budget, any increase (or decrease) in the budget would be offset by changes in SEC fees, and thus be revenue neutral. It appears that fines and penalties collected by the SEC would not affect the SEC's budget. We will keep you informed of developments. Craig S. Tyle
Assistant General Counsel

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