

MEMO# 6076

July 27, 1994

INSTITUTE PUSHES SEC SELF-FUNDING IN SENATE

July 27, 1994 TO: BOARD OF GOVERNORS NO. 65-94 FEDERAL LEGISLATION COMMITTEE NO. 15-94 FEDERAL LEGISLATION MEMBERS NO. 12-94 RE: INSTITUTE PUSHES SEC SELF-FUNDING IN SENATE _____ In a July 22 letter to the Senate Banking Committee, the Institute urged Senators to support legislation which would establish a self-funding mechanism for the Securities and Exchange Commission (SEC). This legislation is expected to be introduced shortly by Committee Chairman Donald W. Riegle Jr. (D-MI). The bill represents an approach crafted by the SEC and the Administration which would allow SEC self-funding but which does not run afoul of Senate procedural rules -- a problem which has prevented earlier action on the issue. Essentially, this bill would phase in a self-funding concept over ten years, and would tie SEC funding levels directly to market activity. At present, the SEC operates as a profit center for the federal government, and the securities industry pays far more in fees each year than is allocated to it for regulatory oversight. The remainder goes to general revenue funds at Treasury to pay for other government programs. The House of Representatives has already passed SEC self-funding legislation. H.R. 2239, introduced by Energy and Commerce Committee Chairman John Dingell (D-MI), passed the House floor on July 20, 1993, by voice vote. A copy of the Institute's letter to the Senate Banking Committee is attached. We will keep you informed of further developments. If you wish additional information, please call the Legislative Affairs Department at 202/326-5890. The memo can be found in FUNDS, the Institute's Fund User Network and Delivery System, under Legislative Affairs; Washington Update. Julie Domenick Senior Vice President Legislative Affairs Attachments