

MEMO# 3062

August 30, 1991

PROPOSED LEGISLATION CONCERNING STATUTE OF LIMITATIONS FOR PRIVATE RIGHTS OF ACTION UNDER THE 1934 ACT

August 30, 1991 TO: INVESTMENT ISSUES COMMITTEE NO. 11-91 RE: PROPOSED LEGISLATION CONCERNING STATUTE OF LIMITATIONS FOR PRIVATE RIGHTS OF ACTION UNDER THE 1934 ACT _____ Attached for your information and review is a copy of the proposed "Securities Investors Legal Rights Act of 1991," recently introduced by Congressman Markey. The bill provides that private rights of action for alleged violations of the Securities Exchange Act of 1934 must be brought within five years after the date the violation occurred or three years after discovery of the violation, whichever is later. The proposed legislation responds to the U.S. Supreme Court's June 1991 decision in *Lampf v. Gilbertson*, which requires that private suits under Section 10(b) of the 1934 and Rule 10b-5 thereunder be initiated within one year of discovery of the alleged violation and no more than three years after the violation occurred. As you will see, the attached bill would give plaintiffs whose lawsuits are dismissed as time barred by virtue of the *Lampf* decision (but would have been considered timely filed had the proposed legislation been in effect) the opportunity to refile within 60 days of enactment of the proposed legislation. The House Energy and Commerce Committee is expected to consider the attached bill during the month of September. The Senate Banking Committee has already passed a companion bill that would establish a time limit of the earlier of two years from discovery or five years from the date of the violation. If you have any concerns or comments, please contact me at 202/955-3514. Frances M. Stadler
Assistant General Counsel Attachment

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