To improve the consideration by the Securities and Exchange Commission of the costs and benefits of its regulations and orders.

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 2011

Mr. Garrett (for himself, Mr. Bachus, Mr. Hensarling, Mr. Neugebauer, Mr. Jones, Mr. McHenry, Mr. Conaway, Mr. King of New York, Mr. Campbell, Mr. Schweikert, Mr. Stivers, Mr. Dold, Mr. Manzullo, Mr. Hurt, Mr. Canseco, and Mr. Yoder) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To improve the consideration by the Securities and Exchange Commission of the costs and benefits of its regulations and orders.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “SEC Regulatory Accountability Act”.

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.
4. This Act may be cited as the “SEC Regulatory Ac-
5. countability Act”.
SEC. 2. CONSIDERATION BY THE SECURITIES AND EX-
CHANGE COMMISSION OF THE COSTS AND
BENEFITS OF ITS REGULATIONS AND OR-
DERS.

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

“(e) CONSIDERATION OF COSTS AND BENEFITS.—

“(1) IN GENERAL.—Before promulgating a reg-
ulation under the securities laws, as defined in sec-
tion 3(a), or issuing any order pursuant to such
laws, the Commission shall—

“(A) clearly identify the nature of the
problem that the proposed regulation is de-
signed to address, as well as assess the signifi-
cance of that problem, to enable assessment of
whether any new regulation is warranted;

“(B) utilize the Office of the Chief Econo-
mist to assess the costs and benefits, both qual-
itative and quantitative, of the intended regu-
lation or order and propose or adopt a regulation
or order only on a reasoned determination that
the benefits of the intended regulation or order
justify the costs of the intended regulation or
order; and
“(C) ensure that any regulation or order is accessible, consistent, written in plain language, and easy to understand and shall measure, and seek to improve, the actual results of regulatory requirements.

“(2) CONSIDERATIONS.—In deciding whether and how to regulate, the Commission shall assess the costs and benefits of available regulatory alternatives, including the alternative of not regulating. In addition, the Commission may also take the following actions in making a reasoned determination of the costs and benefits of a potential regulation—

“(A) assess the best ways of protecting market participants and the public;

“(B) take into consideration investor choice;

“(C) consider the impact on capital formation;

“(D) evaluate the effect on the efficiency, competitiveness, and financial integrity of securities markets;

“(E) consider the impact on market liquidity in the securities markets;

“(F) take into consideration price discovery;
“(G) evaluate sound risk management practices;

“(H) evaluate the degree and nature of the risks posed by various activities within the scope of its jurisdiction;

“(I) determine whether, consistent with obtaining regulatory objectives, the regulation is tailored to impose the least burden on society, including market participants, individuals, businesses of differing sizes, and other entities (including State and local governmental entities), taking into account, to the extent practicable, the cumulative costs of regulations;

“(J) determine whether the regulation is inconsistent, incompatible, or duplicative of other Federal regulations; and

“(K) determine whether, in choosing among alternative regulatory approaches, those approaches maximize net benefits.

“(3) REVIEW OF EXISTING REGULATIONS.—The Commission shall periodically review its regulations and orders in effect before the date of enactment of this subsection to determine whether any such regulations or orders are outmoded, ineffective, insufficient, or excessively burdensome, and shall
modify, streamline, expand, or repeal them in accordance with such review.”.