

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO THE RULES COMMITTEE PRINT OF H.R. 1062
OFFERED BY MRS. CAROLYN B. MALONEY OF
NEW YORK**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SENSE OF CONGRESS RELATING TO EXISTING**
2 **REQUIREMENTS FOR ECONOMIC ANALYSES.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) As with other agencies, current law requires
5 the Securities and Exchange Commission to conduct
6 economic analyses pursuant to the Paperwork Re-
7 duction Act, the Congressional Review Act and the
8 Regulatory Flexibility Act.

9 (2) In addition to the analyses required of all
10 regulatory agencies, the Securities and Exchange
11 Commission is also required to perform additional
12 economic analyses pursuant to section 3(f) of the
13 Securities Exchange Act of 1934 (15 U.S.C. 78c(f)),
14 section 2(b) of the Securities Act of 1933 (15 U.S.C.
15 77b(b)), section 202(c) of the Investment Advisers
16 Act of 1940 (15 U.S.C.80b–2(c)), and section 2(c)
17 of the Investment Company Act of 1940 (15

1 U.S.C.80a-2(c)), which provide that, where the
2 Commission is engaged in rulemaking and is re-
3 quired to consider whether the rule is necessary or
4 appropriate in the public interest, the Commission
5 must also consider whether the rule will promote ef-
6 ficiency, competition, and capital formation.

7 (3) In the July 22, 2011 decision in Business
8 Roundtable v. SEC (647 F.3d 1144), the United
9 States Court of Appeals for the D.C. Circuit vacated
10 the Commission's recently adopted proxy access rule,
11 which would have provided a company shareholder
12 or group of shareholders meeting certain minimum
13 ownership thresholds and other requirements the
14 ability to include in the company's proxy materials
15 the shareholder(s)' nominee(s) for the company's
16 board of directors. The court found that, because
17 the Commission had not adequately addressed the
18 likely economic consequences of the rule, its adop-
19 tion of the rule was arbitrary and capricious.

20 (4) In March of 2012, the Securities and Ex-
21 change Commission revised and clarified its guid-
22 ance on cost benefit analysis. In December of 2012
23 the Government Accountability Office issued a re-
24 view of agencies' analysis and coordination of rules.
25 The GAO found, "SEC's guidance defines the basic

1 elements of good regulatory economic analysis in a
2 manner that closely parallels the elements listed in
3 Circular A-4: (1) a statement of the need for the
4 proposed action; (2) the definition of a baseline
5 against which to measure the likely economic con-
6 sequences of the proposed regulation; (3) the identi-
7 fication of alternative regulatory approaches; and (4)
8 an evaluation of the benefits and costs - both quan-
9 titative and qualitative - of the proposed action and
10 the main alternatives.”.

11 (b) SENSE OF CONGRESS.—It is the sense of Con-
12 gress that the Securities and Exchange Commission is re-
13 quired pursuant to law to conduct economic analyses as
14 part of its rulemakings. Further, the D.C. Circuit Court’s
15 recent decision in the Business Roundtable case makes
16 clear that the economic analyses the Commission under-
17 takes in connection with its rules are subject to meaning-
18 ful judicial scrutiny.

