

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 19

To encourage foreign countries to accord national treatment to United States banking, securities, and insurance organizations that operate or seek to operate in those countries.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. LEACH and Mr. SCHUMER (for themselves, Mr. FRANK of Massachusetts, and Mr. BEREUTER) introduced the following bill; which was referred to the Committee on Banking and Financial Services and, in addition, to the Committees on Commerce and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To encourage foreign countries to accord national treatment to United States banking, securities, and insurance organizations that operate or seek to operate in those countries.

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 “Fair Trade in Finan-  
5 cial Services Act of 1995”.

1 **SEC. 2. PURPOSE; DEFINITIONS.**

2 (a) PURPOSE.—The purpose of this Act is to encour-  
3 age foreign countries to accord national treatment to Unit-  
4 ed States banking, securities, and insurance organizations  
5 that operate or seek to operate in those countries.

6 (b) DEFINITIONS.—For purposes of this Act, the fol-  
7 lowing definitions shall apply:

8 (1) NATIONAL TREATMENT.—The term “na-  
9 tional treatment” means, with respect to any foreign  
10 country, treatment that offers United States bank-  
11 ing, securities, or insurance organizations, as the  
12 case may be, the same competitive opportunities (in-  
13 cluding effective market access) in such country as  
14 are available to the foreign country’s domestic bank-  
15 ing, securities, or insurance organizations in like cir-  
16 cumstances.

17 (6) PERSON OF A FOREIGN COUNTRY.—

18 (A) IN GENERAL.—The term “person of a  
19 foreign country” means—

20 (i) any entity that—

21 (I) is organized under the laws of  
22 the foreign country, or

23 (II) has the entity’s principal  
24 place of business in the foreign coun-  
25 try;

26 (ii) an individual who—

1 (I) is a citizen of the foreign  
2 country; or

3 (II) is permanently domiciled in  
4 the foreign country; and

5 (iii) any person that is, directly or in-  
6 directly, under the control of any entity or  
7 individual described in clause (i) or (ii).

8 (B) CONTROL.—For purposes of subpara-  
9 graph (A), the term “control”—

10 (i) in the case of a banking organiza-  
11 tion, has the same meaning as in section 2  
12 of the Bank Holding Company Act of  
13 1956;

14 (ii) in the case of a securities organi-  
15 zation, has the meaning which the Sec-  
16 retary shall prescribe, by regulation, in  
17 consultation with the Commission; and

18 (iii) in the case of an insurance orga-  
19 nization, has the meaning which the Presi-  
20 dent shall prescribe.

21 (3) SECRETARY.—The term “Secretary” means  
22 the Secretary of the Treasury.

23 (4) TRADE REPRESENTATIVE.—The term  
24 “Trade Representative” means the United States  
25 Trade Representative.

1 **SEC. 3. EFFECTUATING THE PRINCIPLE OF NATIONAL**  
2 **TREATMENT FOR BANKING ORGANIZATIONS.**

3 (a) IDENTIFYING COUNTRIES THAT MAY BE DENY-  
4 ING NATIONAL TREATMENT TO UNITED STATES BANK-  
5 ING ORGANIZATIONS.—The Secretary shall identify, after  
6 consultation in accordance with subsection (i), the extent  
7 to which foreign countries may be denying national treat-  
8 ment to United States banking organizations—

9 (1) according to the most recent report under  
10 section 3602 of the Omnibus Trade and Competi-  
11 tiveness Act of 1988 (or the most recent update of  
12 such report); or

13 (2) based on more recent information that the  
14 Secretary considers appropriate.

15 (b) DETERMINING WHETHER POSSIBLE DENIAL OF  
16 NATIONAL TREATMENT MAY BE HAVING A SIGNIFICANT  
17 ADVERSE EFFECT.—

18 (1) IN GENERAL.—The Secretary shall deter-  
19 mine, after consultation in accordance with sub-  
20 section (i), whether the possible denial of national  
21 treatment to United States banking organizations by  
22 a foreign country identified under subsection (a)  
23 may be having a significant adverse effect on such  
24 organizations.

25 (2) FACTORS TO BE CONSIDERED.—In making  
26 any determination under paragraph (1), the Sec-

1       retary shall consider appropriate factors, including  
2       the following:

3               (A) The extent of United States trade with  
4               and investment in the foreign country, the size  
5               of the foreign country's markets for the finan-  
6               cial services involved, and the extent to which  
7               United States banking organizations operate or  
8               seek to operate in those markets.

9               (B) The importance of operations by Unit-  
10              ed States banking organizations in the foreign  
11              country to the export of goods and services by  
12              United States firms to such country.

13             (C) The extent to which the foreign coun-  
14             try provides in advance to United States bank-  
15             ing organizations a written draft of any meas-  
16             ure of general application that the country pro-  
17             poses to adopt, such as regulations, guidelines,  
18             or other policies regarding new products and  
19             services, in order to allow an opportunity for  
20             such organizations to comment on the measure  
21             and for such comments to be taken into account  
22             by the foreign country.

23             (D) The extent to which the foreign coun-  
24             try—

1 (i) makes available, in writing, to  
2 United States banking organizations the  
3 foreign country's requirements for complet-  
4 ing any application relating to the provi-  
5 sion of financial services by any such orga-  
6 nization;

7 (ii) applies published, objective stand-  
8 ards and criteria in evaluating any such  
9 application from any United States bank-  
10 ing organization; and

11 (iii) renders administrative decisions  
12 relating to any such application within a  
13 reasonable period of time.

14 (3) SOLICITATION OF COMMENTS.—Before  
15 making any determination under paragraph (1), the  
16 Secretary shall solicit comments concerning the ef-  
17 fect of the possible denial of national treatment on  
18 United States banking organizations from interested  
19 parties.

20 (c) NEGOTIATIONS.—

21 (1) MANDATORY INITIATION OF NEGOTIATIONS  
22 IN CERTAIN CASES.—If the Secretary determines  
23 under subsection (b) that the possible denial of na-  
24 tional treatment to United States banking organiza-  
25 tions by a foreign country identified under sub-

1 section (a) may be having a significant adverse ef-  
2 fect on such organizations, the Secretary shall initi-  
3 ate negotiations with such foreign country to ensure  
4 that such country accords national treatment to  
5 United States banking organizations.

6 (2) EXCEPTIONS.—Paragraph (1) shall not  
7 apply with respect to any foreign country if the Sec-  
8 retary—

9 (A) determines that negotiations with such  
10 country in accordance with paragraph (1)—

11 (i) would be unlikely to result in  
12 progress toward according national treat-  
13 ment to United States banking organiza-  
14 tions; or

15 (ii) would impair the economic inter-  
16 ests of the United States; and

17 (B) gives written notice of that determina-  
18 tion to the Congress.

19 (d) PUBLICATION OF POSTNEGOTIATION DETER-  
20 MINATION; DISPUTE RESOLUTION PROCEEDING.—

21 (1) PUBLICATION.—If, after making a deter-  
22 mination under subsection (b) that the possible de-  
23 nial of national treatment to United States banking  
24 organizations by a foreign country may be having a  
25 significant adverse effect on such organizations, the

1 Secretary determines, after consultation in accord-  
2 ance with subsection (i), that—

3 (A) any negotiations under subsection (c)  
4 have not resulted in, or are not likely to result  
5 in, progress toward according national treat-  
6 ment to United States banking organizations;  
7 and

8 (B) effective relief is not available under  
9 any bilateral or multilateral agreement de-  
10 scribed in paragraph (2)(A);

11 the Secretary may publish, in the Federal Register,  
12 a final determination in accordance with subsections  
13 (a) and (b) that such country is denying national  
14 treatment to United States banking organizations  
15 and the denial is having a significant adverse effect  
16 on any such organizations.

17 (2) DISPUTE RESOLUTION UNDER APPLICABLE  
18 AGREEMENTS.—If, after making a determination  
19 under subsection (b) that the possible denial of na-  
20 tional treatment to United States banking organiza-  
21 tions by a foreign country may be having a signifi-  
22 cant adverse effect on such organizations—

23 (A) the Secretary determines that the acts,  
24 policies, or practices of the foreign country  
25 which give rise to such determination are sub-

1           ject to any bilateral or multilateral agreement  
2           that governs financial services that has been en-  
3           tered into by the President and approved by the  
4           Senate and House of Representatives; and

5                   (B) the agreement provides for a formal  
6           process for resolving disputes regarding obliga-  
7           tions under the agreement;

8           the United States shall initiate a proceeding under  
9           the agreement to enforce the rights of the United  
10          States under the agreement.

11           (3) ANNUAL REVIEW OF DETERMINATIONS.—

12          The Secretary shall, not less frequently than annu-  
13          ally and after consultation in accordance with sub-  
14          section (i), review each determination published pur-  
15          suant to paragraph (1) to determine whether the de-  
16          termination should be rescinded.

17           (4) NOTIFICATION OF APPROPRIATE STATE OF-

18          FICIALS OF PUBLICATION OF DETERMINATION.—The

19          Secretary shall inform State bank supervisors (as  
20          defined in section 3(r) of the Federal Deposit Insur-  
21          ance Act) of the publication of any determination  
22          under paragraph (1).

23           (e) DISCRETIONARY SANCTIONS.—

24           (1) ACTION BY THE SECRETARY.—

1 (A) IN GENERAL.—Subject to subpara-  
2 graph (B) and paragraph (2), the Secretary  
3 may, after consultation in accordance with sub-  
4 section (i), recommend to the appropriate Fed-  
5 eral banking agency that such agency suspend  
6 consideration of or deny a request for author-  
7 ization that is filed—

8 (i) by a person of a foreign country  
9 listed in a determination published under  
10 subsection (d)(1); and

11 (ii) after the date of the publication of  
12 such determination.

13 (B) CONDITIONS FOR EXERCISE OF AU-  
14 THORITY.—The Secretary may make a rec-  
15 ommendation under subparagraph (A), if the  
16 Secretary determines that—

17 (i) such action would assist the Unit-  
18 ed States in negotiations to eliminate deni-  
19 als of national treatment against United  
20 States banking organizations; or

21 (ii) the country has not adhered ade-  
22 quately to an agreement reached as a re-  
23 sult of negotiations undertaken pursuant  
24 to subsection (c).

1           (2) CONSISTENCY WITH BILATERAL AND MUL-  
2           TILATERAL AGREEMENTS.—The authority of the  
3           Secretary under paragraph (1) may not be used to  
4           take actions with respect to a foreign country which  
5           are inconsistent with any bilateral or multilateral  
6           agreement that governs financial services in which  
7           such country is obligated to provide national treat-  
8           ment for United States banking organizations.

9           (3) DIRECTION OF PRESIDENT.—The exercise  
10          of any authority of the Secretary under paragraph  
11          (1) shall be subject to the specific direction (if any)  
12          of the President.

13          (4) SUSPENSIONS OF REQUESTS.—

14                (A) IN GENERAL.—Notwithstanding any  
15                other provision of law, but subject to paragraph  
16                (5), if, pursuant to paragraph (1), the Sec-  
17                retary recommends to the appropriate Federal  
18                banking agency that the agency suspend the  
19                agency’s consideration of a request for author-  
20                ization by a person of a foreign country, the  
21                agency shall—

22                        (i) suspend the agency’s consideration  
23                        of the request for a period of 180 days;  
24                        and

1 (ii) at the recommendation of the Sec-  
2 retary, extend any such suspension for an  
3 additional period of 180 days.

4 (B) TERMINATION OF SUSPENSION.—The  
5 appropriate Federal banking agency shall, at  
6 any time, terminate a suspension under sub-  
7 paragraph (A) at the recommendation of the  
8 Secretary.

9 (5) EXCEPTIONS.—

10 (A) IN GENERAL.—The appropriate Fed-  
11 eral banking agency shall act in accordance  
12 with any recommendation of the Secretary  
13 made under paragraph (1) unless the agency  
14 determines, in writing, and transmits such de-  
15 termination to the Secretary and the Congress,  
16 that action in accordance with such rec-  
17 ommendation—

18 (i) would have a serious adverse effect  
19 on—

20 (I) the stability of the United  
21 States financial system; or

22 (II) the safe and sound operation  
23 of the payments system; or

24 (ii) would adversely affect the ability  
25 of the appropriate Federal banking agen-

1           cies to act on a request for authorization  
2           made in connection with the resolution of  
3           an insured depository institution described  
4           in section 13(c)(2)(B) of the Federal De-  
5           posit Insurance Act because the foreign  
6           bank represents the only bona fide reason-  
7           able offer available with respect to such  
8           resolution.

9           (B) DETERMINATION OF REASONABLE-  
10          NESS OF OFFER.—In determining whether the  
11          offer of a foreign bank represents the only bona  
12          fide reasonable offer available for purposes of  
13          subparagraph (A)(ii), the appropriate Federal  
14          banking agency shall consider, among such  
15          other factors as the agency may consider to be  
16          appropriate, whether the offer represents the  
17          least cost to the respective deposit insurance  
18          fund relative to all other possible means for  
19          meeting the requirements of section 13(c)(4) of  
20          the Federal Deposit Insurance Act.

21          (f) RECIPROCAL GRANDFATHER EXEMPTION FROM  
22          SANCTIONS.—The authority of subsection (e) may not be  
23          used to suspend or deny a request for authorization by  
24          any United States depository institution (other than a  
25          branch of a foreign bank (as defined in section 1(b) of

1 the International Banking Act of 1978)) or any company  
2 established pursuant to section 4(c)(8) of the Bank Hold-  
3 ing Company Act of 1956 if—

4 (1) such institution or company was controlled  
5 as of December 31, 1994, by a person of a foreign  
6 country and such control has been maintained con-  
7 tinuously since that date; and

8 (2) such person's foreign country, by law or  
9 regulation (which took effect on or before December  
10 31, 1994, and remains in effect) and in practice, ex-  
11 plicitly provides national treatment to—

12 (A) banks which were established or ac-  
13 quired in such country by United States bank-  
14 ing organizations before the effective date of  
15 such law or regulation of the foreign country;  
16 and

17 (B) subsidiaries (of such banks) which  
18 were established or acquired in such country by  
19 United States banking organizations before  
20 such effective date.

21 (g) REPORT.—

22 (1) CONTENTS OF REPORT.—Not later than  
23 December 1, 1996, and annually after such date, the  
24 Secretary shall submit to the Speaker of the House  
25 of Representatives and the Committee on Banking,

1 Housing, and Urban Affairs of the Senate a report  
2 that—

3 (A) specifies the foreign countries identi-  
4 fied under subsection (a);

5 (B) if a determination has been published  
6 under subsection (d)(1) with respect to a for-  
7 eign country, provides the reasons for such de-  
8 termination;

9 (C) if the Secretary has not made or has  
10 rescinded such a determination with respect to  
11 a foreign country, provides the reasons for the  
12 failure to make the determination or for the re-  
13 scission;

14 (D) describes the results of any negotia-  
15 tions conducted under subsection (c)(1) with a  
16 foreign country; and

17 (E) discusses the effectiveness of the ad-  
18 ministration of this section in achieving the  
19 purposes of the section.

20 (2) SUBMISSION OF REPORT.—The report re-  
21 quired by paragraph (1) may be submitted as part  
22 of a report or update submitted under section 3602  
23 of the Omnibus Trade and Competitiveness Act of  
24 1988.

1 (h) DEFINITIONS.—The following definitions shall  
2 apply for purposes of this section:

3 (1) APPROPRIATE FEDERAL BANKING AGEN-  
4 CY.—The term “appropriate Federal banking agen-  
5 cy”—

6 (A) has the same meaning as in section  
7 3(q) of the Federal Deposit Insurance Act; and

8 (B) includes the Board of Governors of the  
9 Federal Reserve System (in addition to any  
10 other agency which may be an appropriate Fed-  
11 eral banking agency under such section 3(q)) in  
12 the case of any request for authorization to—

13 (i) establish a United States rep-  
14 resentative office, agency, or branch of a  
15 foreign bank (as such terms are defined in  
16 section 1(b) of the International Banking  
17 Act of 1978);

18 (ii) establish or acquire an interest in  
19 a commercial lending company (as defined  
20 in section 1(b) of the International Bank-  
21 ing Act of 1978) or a corporation orga-  
22 nized or operating under section 25 or 25A  
23 of the Federal Reserve Act; or

24 (iii) acquire an interest in a bank or  
25 bank holding company, or any company

1           that is not a bank, under the Bank Hold-  
2           ing Company Act of 1956 or this Act.

3           (2) BANKING ORGANIZATION.—

4           (A) IN GENERAL.—The term “banking or-  
5           ganization” means any bank, any bank holding  
6           company (including any company required to  
7           file reports pursuant to section 4(f)(6) of the  
8           Bank Holding Company Act of 1956), any sav-  
9           ings and loan holding company (as such term is  
10          defined in section 10(a)(1)(D) of the Home  
11          Owners” Loan Act), any nonbank financial en-  
12          tity the primary purpose of which is to provide  
13          credit or financing (regardless of whether such  
14          entity accepts deposits), and any subsidiary of  
15          any such bank, company, or entity.

16          (B) BANKING TERMS.—For purposes of  
17          this paragraph and paragraph (1)(B)(iii), the  
18          terms “bank”, “bank holding company”, “com-  
19          pany”, and “subsidiary” have the same mean-  
20          ing as in section 2 of the Bank Holding Com-  
21          pany Act of 1956.

22          (4) DEFINITIONS RELATING TO DEPOSITORY  
23          INSTITUTIONS.—The terms “depository institution”  
24          and “depository institution holding company” have

1 the same meaning as in section 3 of the Federal De-  
2 posit Insurance Act.

3 (5) REQUEST FOR AUTHORIZATION.—The term  
4 “request for authorization” means any application,  
5 notice, registration, or other request for authoriza-  
6 tion that is required under Federal banking law or  
7 regulation—

8 (A) to establish facilities or engage in ac-  
9 tivities at a new geographic location;

10 (B) to engage in additional activities or ex-  
11 pand existing activities; or

12 (C) involving a change in control of any  
13 depository institution or depository institution  
14 holding company.

15 (i) CONSULTATION.—In the case of any consultation  
16 pursuant to this section which is required to be made in  
17 accordance with this subsection, the Secretary of the  
18 Treasury shall consult with the Secretary of State, the  
19 Trade Representative, the Secretary of Commerce, and  
20 any appropriate Federal banking agency.

21 **SEC. 4. EFFECTUATING THE PRINCIPLE OF NATIONAL**  
22 **TREATMENT FOR SECURITIES ORGANIZA-**  
23 **TIONS.**

24 (a) IDENTIFYING COUNTRIES THAT MAY BE DENY-  
25 ING NATIONAL TREATMENT TO UNITED STATES SECURI-

1 TIES ORGANIZATIONS.—The Secretary shall identify, after  
2 consultation in accordance with subsection (i), the extent  
3 to which foreign countries may be denying national treat-  
4 ment to United States securities organizations—

5 (1) according to the most recent report under  
6 section 3602 of the Omnibus Trade and Competi-  
7 tiveness Act of 1988 (or the most recent update of  
8 such report); or

9 (2) based on more recent information that the  
10 Secretary considers appropriate.

11 (b) DETERMINING WHETHER POSSIBLE DENIAL OF  
12 NATIONAL TREATMENT MAY BE HAVING A SIGNIFICANT  
13 ADVERSE EFFECT.—

14 (1) IN GENERAL.—The Secretary shall deter-  
15 mine, after consultation in accordance with sub-  
16 section (i), whether the possible denial of national  
17 treatment to United States securities organizations  
18 by a foreign country identified under subsection (a)  
19 may be having a significant adverse effect on such  
20 organizations.

21 (2) FACTORS TO BE CONSIDERED.—In making  
22 any determination under paragraph (1), the Sec-  
23 retary shall consider appropriate factors, including  
24 the following:

1           (A) The extent of United States trade with  
2           and investment in the foreign country, the size  
3           of the foreign country's markets for the finan-  
4           cial services involved, and the extent to which  
5           United States securities organizations operate  
6           or seek to operate in those markets.

7           (B) The importance of operations by Unit-  
8           ed States securities organizations in the foreign  
9           country to the export of goods and services by  
10          United States firms to such country.

11          (C) The extent to which the foreign coun-  
12          try provides in advance to United States securi-  
13          ties organizations a written draft of any meas-  
14          ure of general application that the country pro-  
15          poses to adopt, such as regulations, guidelines,  
16          or other policies regarding new products and  
17          services, in order to allow an opportunity for  
18          such organizations to comment on the measure  
19          and for such comments to be taken into account  
20          by the foreign country.

21          (D) The extent to which the foreign coun-  
22          try—

23                  (i) makes available, in writing, to  
24                  United States securities organizations the  
25                  foreign country's requirements for complet-

1           ing any application relating to the provi-  
2           sion of financial services by any such orga-  
3           nization;

4           (ii) applies published, objective stand-  
5           ards and criteria in evaluating any such  
6           application from any United States securi-  
7           ties organization; and

8           (iii) renders administrative decisions  
9           relating to any such application within a  
10          reasonable period of time.

11          (3) SOLICITATION OF COMMENTS.—Before  
12          making any determination under paragraph (1), the  
13          Secretary shall solicit comments concerning the ef-  
14          fect of the possible denial of national treatment on  
15          United States securities organizations from inter-  
16          ested parties.

17          (c) NEGOTIATIONS.—

18          (1) MANDATORY INITIATION OF NEGOTIATIONS  
19          IN CERTAIN CASES.—If the Secretary determines  
20          under subsection (b) that the possible denial of na-  
21          tional treatment to United States securities organi-  
22          zations by a foreign country identified under sub-  
23          section (a) may be having a significant adverse ef-  
24          fect on such organizations, the Secretary shall initi-  
25          ate negotiations with such foreign country to ensure

1 that such country accords national treatment to  
2 United States securities organizations.

3 (2) EXCEPTIONS.—Paragraph (1) shall not  
4 apply with respect to any foreign country if the Sec-  
5 retary—

6 (A) determines that negotiations with such  
7 country in accordance with paragraph (1)—

8 (i) would be unlikely to result in  
9 progress toward according national treat-  
10 ment to United States securities organiza-  
11 tions; or

12 (ii) would impair the economic inter-  
13 ests of the United States; and

14 (B) gives written notice of that determina-  
15 tion to the Congress.

16 (d) PUBLICATION OF POSTNEGOTIATION DETER-  
17 MINATION; DISPUTE RESOLUTION PROCEEDING.—

18 (1) PUBLICATION.—If, after making a deter-  
19 mination under subsection (b) that the possible de-  
20 nial of national treatment to United States securities  
21 organizations by a foreign country may be having a  
22 significant adverse effect on such organizations, the  
23 Secretary determines, after consultation in accord-  
24 ance with subsection (i), that—

1 (A) any negotiations under subsection (c)  
2 have not resulted in, or are not likely to result  
3 in, progress toward according national treat-  
4 ment to United States securities organizations;  
5 and

6 (B) effective relief is not available under  
7 any bilateral or multilateral agreement de-  
8 scribed in paragraph (2)(A);

9 the Secretary may publish, in the Federal Register,  
10 a final determination in accordance with subsections  
11 (a) and (b) that such country is denying national  
12 treatment to United States securities organizations  
13 and the denial is having a significant adverse effect  
14 on any such organizations.

15 (2) DISPUTE RESOLUTION UNDER APPLICABLE  
16 AGREEMENTS.—If, after making a determination  
17 under subsection (b) that the possible denial of na-  
18 tional treatment to United States securities organi-  
19 zations by a foreign country may be having a signifi-  
20 cant adverse effect on such organizations—

21 (A) the Secretary determines that the acts,  
22 policies, or practices of the foreign country  
23 which give rise to such determination are sub-  
24 ject to any bilateral or multilateral agreement  
25 that governs financial services that has been en-

1           tered into by the President and approved by the  
2           Senate and House of Representatives; and

3                   (B) the agreement provides for a formal  
4           process for resolving disputes regarding obliga-  
5           tions under the agreement;

6           the United States shall initiate a proceeding under  
7           the agreement to enforce the rights of the United  
8           States under the agreement.

9                   (3) ANNUAL REVIEW OF DETERMINATIONS.—

10          The Secretary shall, not less frequently than annu-  
11          ally and after consultation in accordance with sub-  
12          section (i), review each determination published pur-  
13          suant to paragraph (1) to determine whether the de-  
14          termination should be rescinded.

15                   (4) NOTIFICATION OF APPROPRIATE STATE OF-  
16          FICIALS OF PUBLICATION OF DETERMINATION.—The  
17          Secretary shall inform appropriate State securities  
18          regulatory agencies of the publication of any deter-  
19          mination under paragraph (1).

20                   (e) DISCRETIONARY SANCTIONS.—

21                   (1) ACTION BY THE SECRETARY.—

22                   (A) IN GENERAL.—Subject to subpara-  
23          graph (B) and paragraph (2), the Secretary  
24          may, after consultation in accordance with sub-  
25          section (i), recommend to the Commission that

1 the Commission suspend consideration of or  
2 deny a request for authorization that is filed—

3 (i) by a person of a foreign country  
4 listed in a determination published under  
5 subsection (d)(1); and

6 (ii) after the date of the publication of  
7 such determination.

8 (B) CONDITIONS FOR EXERCISE OF AU-  
9 THORITY.—The Secretary may make a rec-  
10 ommendation under subparagraph (A), if the  
11 Secretary determines that—

12 (i) such action would assist the Unit-  
13 ed States in negotiations to eliminate deni-  
14 als of national treatment against United  
15 States securities organizations; or

16 (ii) the country has not adhered ade-  
17 quately to an agreement reached as a re-  
18 sult of negotiations undertaken pursuant  
19 to subsection (c).

20 (2) CONSISTENCY WITH BILATERAL AND MUL-  
21 TILATERAL AGREEMENTS.—The authority of the  
22 Secretary under paragraph (1) may not be used to  
23 take actions with respect to a foreign country which  
24 are inconsistent with any bilateral or multilateral  
25 agreement that governs financial services in which

1 such country is obligated to provide national treat-  
2 ment for United States securities organizations.

3 (3) DIRECTION OF PRESIDENT.—The exercise  
4 of any authority of the Secretary under paragraph  
5 (1) shall be subject to the specific direction (if any)  
6 of the President.

7 (4) ADDITIONAL PROVISIONS APPLICABLE TO  
8 REQUESTS FOR AUTHORIZATION.—

9 (A) AUTHORITY UPON DENIAL OF AU-  
10 THORIZATION.—

11 (i) IN GENERAL.—In connection with  
12 a recommendation under paragraph (1)(A)  
13 to deny a request for authorization de-  
14 scribed in subsection (h)(2), the Commis-  
15 sion may order—

16 (I) the disposition of any control-  
17 ling interest referred to in clause  
18 (ii)(I) of such subsection;

19 (II) the closure of any office re-  
20 ferred to in subsection clause (ii)(II)  
21 of such subsection; or

22 (III) the termination of any advi-  
23 sory relationship referred to in clause  
24 (iii) or (iv) of such subsection.

1           (ii) ENFORCEMENT.—The Commis-  
2           sion may enforce an order under clause (i)  
3           through appropriate action under the secu-  
4           rities laws, including, if necessary, revoca-  
5           tion of the underlying registration of any  
6           person who fails to comply with such an  
7           order.

8           (B) NOTICE REQUIRED TO FILE REQUESTS  
9           FOR AUTHORIZATION.—

10           (i) IN GENERAL.—If a determination  
11           is published under subsection (d)(1) with  
12           respect to a foreign country on the basis of  
13           the adverse effect the denial of national  
14           treatment by such country is having on se-  
15           curities organizations, no person of that  
16           foreign country may file a request for au-  
17           thorization described in subsection (h)(2)  
18           unless such person files notice of such re-  
19           quest simultaneously with the Commission  
20           and the Secretary, not less than 90 days in  
21           advance of the action that is the subject of  
22           the request, in such form and containing  
23           such information as the Commission may  
24           prescribe by rule.

1                   (ii) EXTENDING 90-DAY PERIOD.—The  
2                   Commission may, by order, extend for an  
3                   additional 180 days the period during  
4                   which the Commission may consider a re-  
5                   quest for authorization described in sub-  
6                   section (h)(2) that is the subject of a no-  
7                   tice received under clause (i).

8                   (5) SUSPENSIONS OF REQUESTS.—

9                   (A) IN GENERAL.—Notwithstanding any  
10                  other provision of law, but subject to paragraph  
11                  (6), if, pursuant to paragraph (1), the Sec-  
12                  retary recommends to the Commission that the  
13                  Commission suspend the Commission’s consid-  
14                  eration of a request for authorization by a per-  
15                  son of a foreign country, the Commission  
16                  shall—

17                         (i) suspend the Commission’s consid-  
18                         eration of the request for a period of 180  
19                         days; and

20                         (ii) at the recommendation of the Sec-  
21                         retary, extend any such suspension for an  
22                         additional period of 180 days.

23                   (B) TERMINATION OF SUSPENSION.—The  
24                  Commission, as the case may be, shall, at any  
25                  time, terminate a suspension under subpara-

1 graph (A) at the recommendation of the Sec-  
2 retary.

3 (6) EXCEPTIONS.—The Commission shall act in  
4 accordance with any recommendation of the Sec-  
5 retary made under paragraph (1) unless the Com-  
6 mission determines, in writing, and transmits such  
7 determination to the Secretary and the Congress,  
8 that action in accordance with such recommendation  
9 would have a serious adverse effect on—

10 (A) the maintenance of fair and orderly se-  
11 curities markets; or

12 (B) the protection of investors.

13 (f) RECIPROCAL GRANDFATHER EXEMPTION FROM  
14 SANCTIONS.—

15 (1) IN GENERAL.—The authority of subsection  
16 (e) may not be used to suspend or deny a request  
17 for authorization by any securities organization  
18 which is organized under the laws of the United  
19 States, any State, or the District of Columbia, if—

20 (A) organization was controlled as of De-  
21 cember 31, 1994, by a person of a foreign coun-  
22 try and such control has been maintained con-  
23 tinuously since that date; and

24 (B) such person's foreign country, by law  
25 or regulation (which took effect on or before

1 December 31, 1994, and remains in effect) and  
2 in practice, explicitly provides national treat-  
3 ment to—

4 (i) securities companies which were  
5 established or acquired in such country by  
6 United States securities organizations be-  
7 fore the effective date of such law or regu-  
8 lation of the foreign country; and

9 (ii) subsidiaries (of such securities  
10 companies) which were established or ac-  
11 quired in such country by United States  
12 securities organizations before such effec-  
13 tive date.

14 (2) SECURITIES COMPANY DEFINED.—For pur-  
15 poses of paragraph (1)(B), the term “securities com-  
16 pany” means any company engaged, under the laws  
17 or regulations of a foreign country, in the business  
18 of—

19 (A) buying, selling, or underwriting securi-  
20 ties, including municipal and government secu-  
21 rities and instruments which are similar to se-  
22 curities; or

23 (B) acting as an investment adviser, fidu-  
24 ciary, transfer agent, or any similar function in-  
25 volving the provision of investment services.

1           (3) TREATMENT OF EUROPEAN COMMUNITY DI-  
2           RECTIVE DURING PERIOD OF IMPLEMENTATION BY  
3           MEMBER STATES.—During the period beginning on  
4           the date of the enactment of the Fair Trade in Fi-  
5           nancial Services Act of 1995 and ending on Decem-  
6           ber 31, 1995, any directive of the European Com-  
7           munity which—

8                   (A) was adopted before December 31,  
9                   1994; and

10                   (B) requires the implementation in na-  
11                   tional law by the Member States of the Euro-  
12                   pean Community of national treatment for se-  
13                   curities companies and subsidiaries described in  
14                   paragraph (1)(B);

15           may be treated as a law in effect in each such Mem-  
16           ber State for purposes of paragraph (1).

17           (g) REPORT.—

18                   (1) CONTENTS OF REPORT.—Not later than  
19                   December 1, 1996, and annually after such date, the  
20                   Secretary shall submit to the Speaker of the House  
21                   of Representatives and the Committee on Banking,  
22                   Housing, and Urban Affairs of the Senate a report  
23                   that—

24                           (A) specifies the foreign countries identi-  
25                           fied under subsection (a);

1 (B) if a determination has been published  
2 under subsection (d)(1) with respect to a for-  
3 eign country, provides the reasons for such de-  
4 termination;

5 (C) if the Secretary has not made or has  
6 rescinded such a determination with respect to  
7 a foreign country, provides the reasons for the  
8 failure to make the determination or for the re-  
9 scission;

10 (D) describes the results of any negotia-  
11 tions conducted under subsection (c)(1) with a  
12 foreign country; and

13 (E) discusses the effectiveness of the ad-  
14 ministration of this section in achieving the  
15 purposes of the section.

16 (2) SUBMISSION OF REPORT.—The report re-  
17 quired by paragraph (1) may be submitted as part  
18 of a report or update submitted under section 3602  
19 of the Omnibus Trade and Competitiveness Act of  
20 1988.

21 (h) DEFINITIONS.—The following definitions shall  
22 apply for purposes of this section:

23 (1) COMMISSION.—The term “Commission”  
24 means the Securities and Exchange Commission.

1           (2) REQUEST FOR AUTHORIZATION.—The term  
2 “request for authorization” means—

3           (A) an application to register under section  
4 15(b), 15B, or 15C of the Securities Exchange  
5 Act of 1934, or section 203(c) of the Invest-  
6 ment Advisers Act of 1940, including an appli-  
7 cation to succeed to the business of a registered  
8 entity;

9           (B) an amendment to a registration re-  
10 ferred to in clause (i) that reflects—

11           (i) the acquisition of control of the  
12 registered entity; or

13           (ii) the addition of a United States of-  
14 fice by the registered entity;

15           (C) a registration statement filed by an in-  
16 vestment company under section 8 of the In-  
17 vestment Company Act of 1940, if a person of  
18 a foreign country will serve as an investment  
19 adviser to the investment company; and

20           (D) an amendment to an investment com-  
21 pany registration statement filed under section  
22 8 of the Investment Company Act of 1940 that  
23 reflects the retention of a person of a foreign  
24 country as an investment adviser.

1           (3) SECURITIES ORGANIZATION.—The term  
2 “securities organization” means—

3           (A) any broker or dealer (as such terms  
4 are defined in paragraphs (4) and (5), respec-  
5 tively, of section 3(a) of the Securities Ex-  
6 change Act of 1934);

7           (B) any investment adviser (as defined in  
8 section 202(a)(11) of the Investment Advisers  
9 Act of 1940); and

10           (C) any investment company (as defined in  
11 section 3 of the Investment Company Act of  
12 1940).

13           (i) CONSULTATION.—In the case of any consultation  
14 pursuant to this section which is required to be made in  
15 accordance with this subsection, the Secretary of the  
16 Treasury shall consult with the Secretary of State, the  
17 Secretary of Commerce, the Trade Representative, and the  
18 Commission.

19 **SEC. 5. EFFECTUATING THE PRINCIPLE OF NATIONAL**  
20 **TREATMENT FOR INSURANCE ORGANIZA-**  
21 **TIONS.**

22           (a) IDENTIFYING COUNTRIES THAT MAY BE DENY-  
23 ING NATIONAL TREATMENT TO UNITED STATES INSUR-  
24 ANCE ORGANIZATIONS.—The President shall identify the

1 extent to which foreign countries may be denying national  
2 treatment to United States insurance organizations—

3 (1) according to the most recent report under  
4 section 3602 of the Omnibus Trade and Competi-  
5 tiveness Act of 1988 (or the most recent update of  
6 such report); or

7 (2) based on other or more recent information  
8 that the President considers appropriate.

9 (b) DETERMINING WHETHER POSSIBLE DENIAL OF  
10 NATIONAL TREATMENT MAY BE HAVING A SIGNIFICANT  
11 ADVERSE EFFECT.—

12 (1) IN GENERAL.—The President shall deter-  
13 mine whether the possible denial of national treat-  
14 ment to United States insurance organizations by a  
15 foreign country identified under subsection (a) may  
16 be having a significant adverse effect on such orga-  
17 nizations.

18 (2) FACTORS TO BE CONSIDERED.—In making  
19 any determination under paragraph (1), the Presi-  
20 dent shall consider appropriate factors, including the  
21 following:

22 (A) The extent of United States trade with  
23 and investment in the foreign country, the size  
24 of the foreign country's markets for the finan-  
25 cial services involved, and the extent to which

1 United States insurance organizations operate  
2 or seek to operate in those markets.

3 (B) The importance of operations by Unit-  
4 ed States insurance organizations in the foreign  
5 country to the export of goods and services by  
6 United States firms to such country.

7 (C) The extent to which the foreign coun-  
8 try provides in advance to United States insur-  
9 ance organizations a written draft of any meas-  
10 ure of general application that the country pro-  
11 poses to adopt, such as regulations, guidelines,  
12 or other policies regarding new products and  
13 services, in order to allow an opportunity for  
14 such organizations to comment on the measure  
15 and for such comments to be taken into account  
16 by the foreign country.

17 (D) The extent to which the foreign coun-  
18 try—

19 (i) makes available, in writing, to  
20 United States insurance organizations the  
21 foreign country's requirements for complet-  
22 ing any application relating to the provi-  
23 sion of financial services by any such orga-  
24 nization;

1 (ii) applies published, objective stand-  
2 ards and criteria in evaluating any such  
3 application from any United States insur-  
4 ance organization; and

5 (iii) renders administrative decisions  
6 relating to any such application within a  
7 reasonable period of time.

8 (3) SOLICITATION OF COMMENTS.—Before  
9 making any determination under paragraph (1), the  
10 President shall solicit comments concerning the ef-  
11 fect of the possible denial of national treatment on  
12 United States insurance organizations from inter-  
13 ested parties.

14 (c) NEGOTIATIONS.—

15 (1) MANDATORY INITIATION OF NEGOTIATIONS  
16 IN CERTAIN CASES.—If the President determines  
17 under subsection (b) that the possible denial of na-  
18 tional treatment to United States insurance organi-  
19 zations by a foreign country identified under sub-  
20 section (a) may be having a significant adverse ef-  
21 fect on such organizations, the Trade Representative  
22 shall initiate negotiations with such foreign country  
23 to ensure that such country accords national treat-  
24 ment to United States insurance organizations.

1           (2) EXCEPTIONS.—Paragraph (1) shall not  
2     apply with respect to any foreign country if the  
3     President—

4           (A) determines that negotiations with such  
5     country in accordance with paragraph (1)—

6           (i) would be unlikely to result in  
7     progress toward according national treat-  
8     ment to United States insurance organiza-  
9     tions; or

10          (ii) would impair the economic inter-  
11     ests of the United States; and

12          (B) gives written notice of that determina-  
13     tion to the Congress.

14     (d) PUBLICATION OF POSTNEGOTIATION DETER-  
15     MINATION; DISPUTE RESOLUTION PROCEEDING.—

16           (1) PUBLICATION.—If, after making a deter-  
17     mination under subsection (b) that the possible de-  
18     nial of national treatment to United States insur-  
19     ance organizations by a foreign country may be hav-  
20     ing a significant adverse effect on such organiza-  
21     tions, the President determines that—

22           (A) any negotiations under subsection (c)  
23     have not resulted in, or are not likely to result  
24     in, progress toward according national treat-

1           ment to United States insurance organizations;  
2           and

3           (B) effective relief is not available under  
4           any bilateral or multilateral agreement de-  
5           scribed in paragraph (2)(A);

6           the President may publish, in the Federal Register,  
7           a final determination in accordance with subsections  
8           (a) and (b) that such country is denying national  
9           treatment to United States insurance organizations  
10          and the denial is having a significant adverse effect  
11          on any such organizations.

12          (2) DISPUTE RESOLUTION UNDER APPLICABLE  
13          AGREEMENTS.—If, after making a determination  
14          under subsection (b) that the possible denial of na-  
15          tional treatment to United States insurance organi-  
16          zations by a foreign country may be having a signifi-  
17          cant adverse effect on such organizations—

18                 (A) the President determines that the acts,  
19                 policies, or practices of the foreign country  
20                 which give rise to such determination are sub-  
21                 ject to any bilateral or multilateral agreement  
22                 that governs financial services that has been en-  
23                 tered into by the President and approved by the  
24                 Senate and House of Representatives; and

1 (B) the agreement provides for a formal  
2 process for resolving disputes regarding obliga-  
3 tions under the agreement;

4 the United States shall initiate a proceeding under  
5 the agreement to enforce the rights of the United  
6 States under the agreement.

7 (3) ANNUAL REVIEW OF DETERMINATIONS.—  
8 The President shall, not less frequently than annu-  
9 ally, review each determination published pursuant  
10 to paragraph (1) to determine whether the deter-  
11 mination should be rescinded.

12 (4) NOTIFICATION OF APPROPRIATE STATE OF-  
13 FICIALS OF PUBLICATION OF DETERMINATION.—The  
14 President shall inform appropriate State insurance  
15 regulatory agencies of the publication of any deter-  
16 mination under paragraph (1).

17 (e) DISCRETIONARY SANCTIONS.—

18 (1) ACTION BY THE PRESIDENT.—Subject to  
19 paragraph (2), the President may recommend to the  
20 Secretary of the Treasury that the Secretary sus-  
21 pend the acceptance of, or not accept, a registration  
22 statement that is filed pursuant to subsection (j)  
23 after the date of publication of a determination  
24 under subsection (d)(1) by a person of a foreign

1 country listed in such publication if the President  
2 determines that—

3 (i) such action would assist the Unit-  
4 ed States in negotiations to eliminate deni-  
5 als of national treatment against United  
6 States insurance organizations;

7 (ii) the country has not adequately  
8 adhered to an agreement reached as a re-  
9 sult of negotiations undertaken pursuant  
10 to subsection (c).

11 (2) CONSISTENCY WITH BILATERAL AND MUL-  
12 TILATERAL AGREEMENTS.—The authority of the  
13 President under paragraph (1) may not be used to  
14 take actions with respect to a foreign country which  
15 are inconsistent with any bilateral or multilateral  
16 agreement that governs financial services in which  
17 such country is obligated to provide national treat-  
18 ment for United States insurance organizations.

19 (3) SUSPENSIONS OF FILINGS OF REGISTRA-  
20 TIONS.—

21 (A) IN GENERAL.—Notwithstanding any  
22 other provision of law, if the President rec-  
23 ommends, pursuant to paragraph (1), that the  
24 Secretary suspend the acceptance of any reg-

1           istration of an alien insurance company under  
2           subsection (j), the Secretary shall—

3                   (i) suspend the Secretary's acceptance  
4                   of such registration for a period of 180  
5                   days; and

6                   (ii) at the recommendation of the  
7                   President, extend such suspension for an  
8                   additional period of 180 days.

9                   (B) TERMINATION OF SUSPENSION.—The  
10                  Secretary shall, on the recommendation of the  
11                  President, terminate any suspension in effect  
12                  under clause (i).

13                  (C) ALTERNATIVE ACTION.—If the Presi-  
14                  dent determines that the procedure outlined in  
15                  subparagraph (A) is either inappropriate or im-  
16                  practical to achieve the purpose of this section,  
17                  the President may take such action under other  
18                  provisions of law as the President considers  
19                  necessary and appropriate to encourage foreign  
20                  countries to accord national treatment to Unit-  
21                  ed States insurance organizations that operate  
22                  or seek to operate in those countries.

23                  (f) EXISTING ALIEN INSURANCE ORGANIZATION AC-  
24                  TIVITY.—The authority of subsection (e) may not be exer-  
25                  cised with the respect to any registration filed by an alien

1 insurance organization which is engaged in insurance ac-  
2 tivities within the United States as of January 4, 1995.

3 (g) REPORT.—

4 (1) CONTENTS OF REPORT.—Not later than  
5 December 1, 1996, and annually after such date, the  
6 President shall transmit to the Speaker of the  
7 House of Representatives and the Committee on  
8 Banking, Housing, and Urban Affairs of the Senate  
9 a report that—

10 (A) specifies the foreign countries identi-  
11 fied under subsection (a);

12 (B) if a determination has been published  
13 under subsection (d)(1) with respect to a for-  
14 eign country, provides the reasons for such de-  
15 termination;

16 (C) if the President has not made or has  
17 rescinded such a determination with respect to  
18 a foreign country, provides the reasons for the  
19 failure to make the determination or for the re-  
20 scission;

21 (D) describes the results of any negotia-  
22 tions conducted under subsection (c)(1) with a  
23 foreign country; and

1           (E) discusses the effectiveness of the ad-  
2           ministration of this section in achieving the  
3           purposes of the section.

4           (2) SUBMISSION OF REPORT.—The report re-  
5           quired by paragraph (1) may be submitted as part  
6           of a report or update submitted under section 3602  
7           of the Omnibus Trade and Competitiveness Act of  
8           1988.

9           (h) DEFINITIONS.—For purposes of this section, the  
10          following definitions shall apply:

11          (1) ALIEN INSURANCE ORGANIZATION.—The  
12          term “alien insurance organization” means an insur-  
13          ance organization which is a person of a foreign  
14          country.

15          (2) INSURANCE ORGANIZATION.—The term “in-  
16          surance organization” means any insurer and any  
17          reinsurer.

18          (3) INSURER.—The term “insurer” means a  
19          party to a contract of insurance who assumes the  
20          risk and undertakes to indemnify the insured, or to  
21          pay a certain sum on the occurrence of a specified  
22          contingency.

23          (4) REINSURER.—The term “reinsurer” means  
24          an insurer which contracts to indemnify a ceding in-

1 surer for all or part of a risk originally undertaken  
2 by the ceding insurer.

3 (i) CONSULTATION.—In carrying out the duties  
4 under this section, the President may consult with the ap-  
5 propriate State insurance commissioners or regulatory  
6 agencies and other entities the President may consider ap-  
7 propriate.

8 (j) REGISTRATION OF ALIEN INSURANCE ORGANIZA-  
9 TIONS WITH THE SECRETARY.—

10 (1) IN GENERAL.—No alien insurance organiza-  
11 tion may engage in insurance activities within the  
12 United States after the date of the enactment of this  
13 Act unless—

14 (A) a registration statement has been filed  
15 by the organization with the Secretary indicat-  
16 ing the organization’s intention to engage in in-  
17 surance activities within the United States; and

18 (B) applicable State insurance require-  
19 ments have been satisfied.

20 (2) ANNUAL REPORT.—The Secretary shall  
21 submit an annual report to the Congress on the ex-  
22 tent of alien insurance organization activity within  
23 the United States.

24 (k) DELEGATION.—

1           (1) IN GENERAL.—The President may delegate  
2 any authority of the President under this section.

3           (2) EXERCISE OF AUTHORITY.—If the Presi-  
4 dent delegates any authority of the President under  
5 this section, the designee’s authority shall be exer-  
6 cised according to the specific direction (if any) of  
7 the President.

8 **SEC. 6. CONFORMING AMENDMENTS.**

9           (a) REPORTS ON FOREIGN TREATMENT OF UNITED  
10 STATES FINANCIAL INSTITUTIONS.—Section 3602 of the  
11 Omnibus Trade and Competitiveness Act of 1988 (22  
12 U.S.C. 5352) is amended—

13           (1) in the 1st sentence, by inserting “with up-  
14 dates on significant developments every 2 years fol-  
15 lowing the study conducted in 1994,” before “the  
16 Secretary of the Treasury”; and

17           (2) by adding at the end the following: “For  
18 purposes of this section, a foreign country denies na-  
19 tional treatment to United States entities unless the  
20 foreign country offers such entities the same com-  
21 petitive opportunities (including effective market ac-  
22 cess) as are available to the domestic entities of the  
23 foreign country in like circumstances.”.

24           (b) NEGOTIATIONS TO PROMOTE FAIR TRADE IN FI-  
25 NANCIAL SERVICES.—Section 3603(a)(1) of the Omnibus

1 Trade and Competitiveness Act of 1988 (22 U.S.C.  
2 5353(a)(1)) is amended by inserting “effective” before  
3 “access”.

4 (c) PRIMARY DEALERS IN GOVERNMENT DEBT IN-  
5 STRUMENTS.—Section 3502(b)(1) of the Omnibus Trade  
6 and Competitiveness Act of 1988 (22 U.S.C. 5342(b)(1))  
7 is amended—

8 (1) by striking “does not accord to” and insert-  
9 ing “does not offer”; and

10 (2) by striking “as such country accords to do-  
11 mestic companies of such country.” and inserting  
12 “as are available to domestic companies of such  
13 country in like circumstances.”.

14 (d) CONFORMING AMENDMENTS TO THE SECURITIES  
15 EXCHANGE ACT OF 1934.—

16 (1) SECTION 15.—Section 15(b)(1) of the Secu-  
17 rities Exchange Act of 1934 (15 U.S.C. 78o(b)(1))  
18 is amended by adding at the end the following: “The  
19 Commission may suspend consideration or deny reg-  
20 istration, as provided in section 4(e) of the Fair  
21 Trade in Financial Services Act of 1995.”.

22 (2) SECTION 15B.—Section 15B(a)(2) of the  
23 Securities Exchange Act of 1934 (15 U.S.C. 78o-  
24 4(a)(2)) is amended by adding at the end the follow-  
25 ing: “The Commission may suspend consideration

1 and deny registration, as provided in section 4(e) of  
2 the Fair Trade in Financial Services Act of 1995”.

3 (3) SECTION 15C.—Section 15C(a)(2) of the Se-  
4 curities Exchange Act of 1934 (15 U.S.C. 78o-  
5 5(a)(2)) is amended by adding at the end the follow-  
6 ing: “The Commission may suspend consideration  
7 and deny registration, as provided in section 4(e) of  
8 the Fair Trade in Financial Services Act of 1995.”.

9 (e) CONFORMING AMENDMENT TO THE INVESTMENT  
10 COMPANY ACT OF 1940.—Section 8 of the Investment  
11 Company Act of 1940 (15 U.S.C. 80a-8) is amended by  
12 adding at the end the following new subsection:

13 “(g) The Commission may suspend consideration and  
14 deny registration, as provided in section 4(e) of the Fair  
15 Trade in Financial Services Act of 1995.”.

16 (f) CONFORMING AMENDMENT TO THE INVESTMENT  
17 ADVISERS ACT OF 1940.—Section 203(c)(2) of the Invest-  
18 ment Advisers Act of 1940 (15 U.S.C. (c)(2)) is amended  
19 by adding at the end the following: “The Commission may  
20 suspend consideration or deny registration, as provided in  
21 section 4(e) of the Fair Trade in Financial Services Act  
22 of 1995.”.

23 (g) REPORT ON DENIAL OF NATIONAL TREATMENT  
24 FOR INSURANCE ORGANIZATIONS.—Section 3602(3) of  
25 the Omnibus Trade and Competitiveness Act of 1988 (22

1 U.S.C. 5352(3)) is amended by inserting “, insurance or-  
2 ganizations,” after “banking organizations”.

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