

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized to acquire the above property for the purpose of establishing same as an historic site or otherwise preserving the buildings and grounds in connection therewith: *Provided*, That the Secretary of the Treasury may retain sufficient space in the building for the necessary operation of the Bureau of Customs.

Approved, May 26, 1936.

Preservation of, as an historic site.

Proviso.
Space for Customs Bureau.

[CHAPTER 462.]

AN ACT

To provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes.

May 27, 1936.
[S. 4023.]

[Public, No. 621.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (f) of section 12 of the Securities Exchange Act of 1934 is amended to read as follows:

Securities Exchange Act of 1934, amendments.

Vol. 48, p. 894; U. S. C., p. 536.

Trading in unlisted securities upon national exchanges.

Continuance of certain categories.
Security admitted before March 1, 1934.

Listed and registered on another exchange.

Equivalent registration statement available.

“(f) Notwithstanding the foregoing provisions of this section, any national securities exchange, upon application to and approval of such application by the Commission and subject to the terms and conditions hereinafter set forth, (1) may continue unlisted trading privileges to which a security had been admitted on such exchange prior to March 1, 1934; or (2) may extend unlisted trading privileges to any security duly listed and registered on any other national securities exchange, but such unlisted trading privileges shall continue in effect only so long as such security shall remain listed and registered on any other national securities exchange; or (3) may extend unlisted trading privileges to any security in respect of which there is available from a registration statement and periodic reports or other data filed pursuant to rules or regulations prescribed by the Commission under this title or the Securities Act of 1933, as amended, information substantially equivalent to that available pursuant to rules or regulations of the Commission in respect of a security duly listed and registered on a national securities exchange, but such unlisted trading privileges shall continue in effect only so long as such a registration statement remains effective and such periodic reports or other data continue to be so filed.

Conditional continuance of privileges.

“No application pursuant to this subsection shall be approved unless the Commission finds that the continuation or extension of unlisted trading privileges pursuant to such application is necessary or appropriate in the public interest or for the protection of investors. No application to extend unlisted trading privileges to any security pursuant to clause (2) or (3) of this subsection shall be approved except after appropriate notice and opportunity for hearing. No application to extend unlisted trading privileges to any security pursuant to clause (2) or (3) of this subsection shall be approved unless the applicant exchange shall establish to the satisfaction of the Commission that there exists in the vicinity of such exchange sufficiently widespread public distribution of such security and sufficient public trading activity therein to render the extension of unlisted trading privileges on such exchange thereto necessary or appropriate in the public interest or for the protection of investors. No application to extend unlisted trading privileges to any security pursuant to clause (3) of this subsection shall be approved except upon such terms and conditions as will subject the issuer thereof, the officers and directors of such issuer, and every beneficial owner of more than 10 per centum of such security to

Notice and hearing.

Establishment to be in public interest.

Obligations imposed.

duties substantially equivalent to the duties which would arise pursuant to this title if such security were duly listed and registered on a national securities exchange; except that such terms and conditions need not be imposed in any case or class of cases in which it shall appear to the Commission that the public interest and the protection of investors would nevertheless best be served by such extension of unlisted trading privileges. In the publication or making available for publication by any national securities exchange, or by any person directly or indirectly controlled by such exchange, of quotations or transactions in securities made or effected upon such exchange, such exchange or controlled person shall clearly differentiate between quotations or transactions in listed securities, and quotations or transactions in securities for which unlisted trading privileges on such exchange have been continued or extended pursuant to this subsection. In the publication or making available for publication of such quotations or transactions otherwise than by ticker, such exchange or controlled person shall group under separate headings (A) quotations or transactions in listed securities, and (B) quotations or transactions in securities for which unlisted trading privileges on such exchange has been continued or extended pursuant to this subsection.

“The Commission shall by rules and regulations suspend unlisted trading privileges in whole or in part for any or all classes of securities for a period not exceeding twelve months, if it deems such suspension necessary or appropriate in the public interest or for the protection of investors or to prevent evasion of the purposes of this title.

“Unlisted trading privileges continued for any security pursuant to clause (1) of this subsection shall be terminated by order, after appropriate notice and opportunity for hearing, if it appears at any time that such security has been withdrawn from listing on any exchange by the issuer thereof, unless it shall be established to the satisfaction of the Commission that such delisting was not designed to evade the purposes of this title or unless it shall appear to the Commission that, notwithstanding any such purpose of evasion, the continuation of such unlisted trading privileges is nevertheless necessary or appropriate in the public interest or for the protection of investors. On the application of the issuer of any security for which unlisted trading privileges on any exchange have been continued or extended pursuant to this subsection, or of any broker or dealer who makes or creates a market for such security, or of any other person having a bona-fide interest in the question of termination or suspension of such unlisted trading privileges, or on its own motion, the Commission shall by order terminate, or suspend for a period not exceeding twelve months, such unlisted trading privileges for such security if the Commission finds, after appropriate notice and opportunity for hearing, that by reason of inadequate public distribution of such security in the vicinity of said exchange, or by reason of inadequate public trading activity or of the character of trading therein on said exchange, such termination or suspension is necessary or appropriate in the public interest or for the protection of investors.

“In any proceeding under this subsection in which appropriate notice and opportunity for hearing are required, notice of not less than ten days to the applicant in such proceeding, to the issuer of the security involved, to the exchange which is seeking to continue or extend or has continued or extended unlisted trading privileges for such security, and to the exchange, if any, on which such security is listed and registered, shall be deemed adequate notice, and any broker or dealer who makes or creates a market for such security,

Exceptions.

Publication of transactions or quotations; differentiation between listed and unlisted securities.

Other than by ticker.

Suspension of privileges when in public interest, etc.

Termination of privileges; notice and hearing.
Withdrawal of security by issuer; exception.

Inadequate distribution, trading activity, etc.

Notice, hearing, etc.

and any other person having a bona-fide interest in such proceeding, shall upon application be entitled to be heard.

"Any security for which unlisted trading privileges are continued or extended pursuant to this subsection shall be deemed to be registered on a national securities exchange within the meaning of this title. The powers and duties of the Commission under subsection (b) of section 19 of this title shall be applicable to the rules of an exchange in respect of any such security. The Commission may, by such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors, either unconditionally or upon specified terms and conditions, or for stated periods, exempt such securities from the operation of any provision of section 13, 14, or 16 of this title."

SEC. 2. Any application to continue unlisted trading privileges for any security heretofore filed by any exchange and approved by the Commission pursuant to clause (1) of subsection (f) of section 12 of the Securities Exchange Act of 1934 and rules and regulations thereunder shall be deemed to have been filed and approved pursuant to clause (1) of said subsection (f) as amended by section 1 of this Act.

SEC. 3. Section 15 of the Securities Exchange Act of 1934 is amended to read as follows:

"SEC. 15. (a) No broker or dealer (other than one whose business is exclusively intrastate) shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, unless such broker or dealer is registered in accordance with subsection (b) of this section.

"(b) A broker or dealer may be registered for the purposes of this section by filing with the Commission an application for registration, which shall contain such information in such detail as to such broker or dealer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such broker or dealer, as the Commission may by rules and regulations require as necessary or appropriate in the public interest or for the protection of investors. Except as hereinafter provided, such registration shall become effective thirty days after the receipt of such application by the Commission or within such shorter period of time as the Commission may determine.

"An application for registration of a broker or dealer to be formed or organized may be made by a broker or dealer to which the broker or dealer to be formed or organized is to be the successor. Such application shall contain such information in such detail as to the applicant and as to the successor and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the applicant or the successor, as the Commission may by rules and regulations require as necessary or appropriate in the public interest or for the protection of investors. Except as hereinafter provided, such registration shall become effective thirty days after the receipt of such application by the Commission or within such shorter period of time as the Commission may determine. Such registration shall terminate on the forty-fifth day after the effective date thereof, unless prior thereto the successor shall, in accordance with such rules and regulations as the Commission may prescribe, adopt such application as its own.

"If any amendment to any application for registration pursuant to this subsection is filed prior to the effective date thereof, such amendment shall be deemed to have been filed simultaneously with

Securities hereunder deemed registered.

Commission's powers extended.
Vol. 48, p. 898.
U. S. C., p. 538.
Exemptions permitted.

Vol. 48, pp. 894, 895, 896.

Applications to continue trading privileges for security heretofore approved.
Vol. 48, p. 894.

Over-the-counter markets.
Vol. 48, p. 895; U. S. C., p. 536.
Use of the mails, etc., by unregistered brokers, etc.

Applications for registration; contents.

Effective date.

Application by broker or dealer to be formed or organized; contents, etc.

Effective date.

Adoption of application by successor.

Amendments to applications.

Postponement of effective date by Commission.

Registration; denial or revocation for specified causes.

Misleading, etc., statements in application.

Previous conviction.

Subject to court injunction, etc.

Willful violations of law, etc.

Postponement of effective date of registration.

Suspension of registration.

Withdrawal from registration by brokers, etc.

Cancellation of registration or application by Commission.

Use of mails, etc., to induce purchase or sale by fraudulent, etc., device.

Definition by Commission.

and as part of such application; except that the Commission may, if it appears necessary or appropriate in the public interest or for the protection of investors, defer the effective date of any such registration as thus amended until the thirtieth day after the filing of such amendment.

"The Commission shall, after appropriate notice and opportunity for hearing, by order deny registration to or revoke the registration of any broker or dealer if it finds that such denial or revocation is in the public interest and that (1) such broker or dealer whether prior or subsequent to becoming such, or (2) any partner, officer, director, or branch manager of such broker or dealer (or any person occupying a similar status or performing similar functions), or any person directly or indirectly controlling or controlled by such broker or dealer, whether prior or subsequent to becoming such, (A) has willfully made or caused to be made in any application for registration pursuant to this subsection or in any document supplemental thereto or in any proceeding before the Commission with respect to registration pursuant to this subsection any statement which was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact; or (B) has been convicted within ten years preceding the filing of any such application or at any time thereafter of any felony or misdemeanor involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer; or (C) is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security; or (D) has willfully violated any provision of the Securities Act of 1933, as amended, or of this title, or of any rule or regulation thereunder. Pending final determination whether any such registration shall be denied, the Commission may by order postpone the effective date of such registration for a period not to exceed fifteen days, but if, after appropriate notice and opportunity for hearing, it shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors to postpone the effective date of such registration until final determination, the Commission shall so order. Pending final determination whether any such registration shall be revoked, the Commission shall by order suspend such registration if, after appropriate notice and opportunity for hearing, such suspension shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors. Any registered broker or dealer may, upon such terms and conditions as the Commission may deem necessary in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. If the Commission finds that any registered broker or dealer, or any broker or dealer for whom an application for registration is pending, is no longer in existence or has ceased to do business as a broker or dealer, the Commission shall by order cancel the registration or application of such broker or dealer.

"(c) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, banker's acceptances, or commercial bills) otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The Commission shall, for the purposes of this subsection, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent.

"(d) Each registration statement hereafter filed pursuant to the Securities Act of 1933, as amended, shall contain an undertaking by the issuer of the issue of securities to which the registration statement relates to file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, such supplementary and periodic information, documents, and reports as may be required pursuant to section 13 of this title in respect of a security listed and registered on a national securities exchange; but such undertaking shall become operative only if the aggregate offering price of such issue of securities, plus the aggregate value of all other securities of such issuer of the same class (as hereinafter defined) outstanding, computed upon the basis of such offering price, amounts to \$2,000,000 or more. The issuer shall file such supplementary and periodic information, documents, and reports pursuant to such undertaking, except that the duty to file shall be automatically suspended if and so long as (1) such issue of securities is listed and registered on a national securities exchange, or (2) by reason of the listing and registration of any other security of such issuer on a national securities exchange, such issuer is required to file pursuant to section 13 of this title information, documents, and reports substantially equivalent to such as would be required if such issue of securities were listed and registered on a national securities exchange, or (3) the aggregate value of all outstanding securities of the class to which such issue belongs is reduced to less than \$1,000,000, computed upon the basis of the offering price of the last issue of securities of said class offered to the public. For the purposes of this subsection, the term 'class' shall be construed to include all securities of an issuer which are of substantially similar character and the holders of which enjoy substantially similar rights and privileges. Nothing in this subsection shall apply to securities issued by a foreign government or political subdivision thereof or to any other security which the Commission may by rules and regulations exempt as not comprehended within the purposes of this subsection."

SEC. 4. Subsection (a) of section 17 of such Act is amended by striking out "every broker or dealer making or creating a market for both the purchase and sale of securities through the use of the mails or of any means or instrumentality of interstate commerce", and inserting in lieu thereof "every broker or dealer registered pursuant to section 15 of this title".

SEC. 5. Subsection (a) of section 18 of such Act is amended by inserting immediately before the comma following "any rule or regulation thereunder" the following: "or any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title".

SEC. 6. Subsection (c) of section 20 of such Act is amended by inserting immediately before the period the following: "or any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title".

SEC. 7. Subsection (f) of section 21 of such Act is amended by inserting immediately before the period the following: "or with any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title".

SEC. 8. Subsection (a) of section 23 of such Act is amended to read as follows:

"(a) The Commission and the Board of Governors of the Federal Reserve System shall each have power to make such rules and regulations as may be necessary for the execution of the functions vested

Registration statement.
Undertaking by issuer to furnish periodic information, etc.

Vol. 48, p. 894.

When operative.

Duty to file information suspended under designated circumstances.

"Class" construed.

Securities of foreign governments.

Other exempted securities.

Broker's accounts and records.
Vol. 48, p. 897.

Misleading statements.
Vol. 48, p. 897.

Unreasonably delaying, etc., reports.
Vol. 48, p. 899.

Issuance of writs of mandamus.
Vol. 48, p. 901.

Rules and regulations.
Vol. 48, p. 901.

Acts done or omitted in good faith in conformity to regulations, etc.

in them by this title, and may for such purpose classify issuers, securities, exchanges, and other persons or matters within their respective jurisdictions. No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the Commission or the Board of Governors of the Federal Reserve System, notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason."

Penalties.
Vol. 48, p. 904.

SEC. 9. Section 32 of such Act is amended by striking out "SEC. 32." and inserting in lieu thereof "SEC. 32. (a)"; by inserting immediately before the comma following the phrase "filed under this title or any rule or regulation thereunder" the following: "or any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title"; and by adding thereto a new subsection (b) to read as follows:

Failure to file required information, etc.

"(b) Any issuer which fails to file information, documents, or reports pursuant to an undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title shall forfeit to the United States the sum of \$100 for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under subsection (a) of this section, shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States."

Status of present registered brokers, etc.

SEC. 10. All brokers and dealers for whom registration is in effect on the date of enactment of this Act in accordance with rules and regulations of the Commission prescribed pursuant to section 15 of the Securities Exchange Act of 1934 shall be deemed to be registered pursuant to section 15 of such Act as amended by section 3 of this Act.

Vol. 48, p. 895.
Ante, p. 1377.

Prior liabilities.

SEC. 11. Nothing in this Act shall be deemed to extinguish any liability which may have arisen prior to the effective date of this Act by reason of any violation of section 15 of the Securities Exchange Act of 1934 or of any rule or regulation thereunder.

Effective dates.

SEC. 12. This Act shall become effective immediately upon the enactment thereof; except that clause (2) of subsection (f) of section 12 of the Securities Exchange Act of 1934, as amended by section 1 hereof, and subsections (a) and (d) of section 15 of such Act, as amended by section 3 hereof, shall become effective ninety days after the enactment of this Act, and that clause (3) of said subsection (f), as amended by section 1 hereof, shall become effective six months after the enactment of this Act.

Ante, p. 1375.

Ante, p. 1377.

Approved, May 27, 1936.

[CHAPTER 463.]

AN ACT

May 27, 1936.
[H. R. 8599.]
[Public, No. 622.]

To provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat inspection laws, and for other purposes.

Department of Commerce.
Bureau of Navigation and Steamboat Inspection.
Change in designation of.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bureau of Navigation and Steamboat Inspection in the Department of Commerce shall hereafter be known as the "Bureau of Marine Inspection and Navigation."