

Public Law 105-353  
105th Congress

An Act

To amend the Securities Act of 1933 and the Securities Exchange Act of 1934 to limit the conduct of securities class actions under State law, and for other purposes.

Nov. 3, 1998  
[S. 1260]

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

Securities Litigation

SECTION 1. SHORT TITLE.

Uniform Standards Act

This Act may be cited as the “Securities Litigation Uniform Standards Act of 1998”.

of 1998.  
15 USC 78a note.

SEC. 2. FINDINGS

15 USC 78a note.

The Congress finds that—

- (1) the Private Securities Litigation Reform Act of 1995 sought to prevent abuses in private securities fraud lawsuits;
- (2) since enactment of that legislation, considerable evidence has been presented to Congress that a number of securities class action lawsuits have shifted from Federal to State courts;
- (3) this shift has prevented that Act from fully achieving its objectives;
- (4) State securities regulation is of continuing importance, together with Federal regulation of securities, to protect investors and promote strong financial markets; and
- (5) in order to prevent certain State private securities class action lawsuits alleging fraud from being used to frustrate the objectives of the Private Securities Litigation Reform Act of 1995, it is appropriate to enact national standards for securities class action lawsuits involving nationally traded securities, while preserving the appropriate enforcement powers of State securities regulators and not changing the current treatment of individual lawsuits.

**TITLE I—SECURITIES LITIGATION  
UNIFORM STANDARDS**

SEC. 101. LIMITATION ON REMEDIES.

(a) AMENDMENTS TO THE SECURITIES ACT OF 1933.—

(1) AMENDMENT.—Section 16 of the Securities Act of 1933 (15 U.S.C. 77p) is amended to read as follows:

“SEC. 16. ADDITIONAL REMEDIES; LIMITATION ON REMEDIES.

“(a) REMEDIES ADDITIONAL.—Except as provided in subsection (b), the rights and remedies provided by this title shall be in

- (5) Section 30 (15 U.S.C. 80a-29) is amended—
- (A) by inserting “and” after the semicolon at the end of subsection (b)(1);
  - (B) in subsection (e), by striking “semi-annually” and inserting “semiannually”; and
  - (C) by redesignating subsections (g) and (h), as added by section 508(g) of the National Securities Markets Improvement Act of 1996, as subsections (i) and (j), respectively.
- (6) Section 31(f) (15 U.S.C. 80a-30(f)) is amended by striking “subsection (c)” and inserting “subsection (e)”.
- (d) INVESTMENT ADVISERS ACT OF 1940.—The Investment Advisers Act of 1940 (15 U.S.C. 80b et seq.) is amended as follows:
- (1) Section 203(e)(8)(B) (15 U.S.C. 80b-3(e)(8)(B)) is amended by inserting “or” after the semicolon.
  - (2) Section 222(b)(2) (15 U.S.C. 80b-18a(b)(2)) is amended by striking “principle” and inserting “principal”.
- (e) TRUST INDENTURE ACT OF 1939.—The Trust Indenture Act of 1939 (15 U.S.C. 77aaa et seq.) is amended as follows:
- (1) Section 303 (15 U.S.C. 77ccc) is amended by striking “section 2” each place it appears in paragraphs (2) and (3) and inserting “section 2(a)”.
  - (2) Section 304(a)(4)(A) (15 U.S.C. 77ddd(a)(4)(A)) is amended by striking “(14) of subsection” and inserting “(13) of section”.
  - (3) Section 313(a) (15 U.S.C. 77mmm(a)) is amended—
    - (A) by inserting “any change to” after the paragraph designation at the beginning of paragraph (4); and
    - (B) by striking “any change to” in paragraph (6).
  - (4) Section 319(b) (15 U.S.C. 77sss(b)) is amended by striking “the Federal Register Act” and inserting “chapter 15 of title 44, United States Code.”

SEC. 302. EXEMPTION OF SECURITIES ISSUED IN CONNECTION WITH CERTAIN STATE HEARINGS.

Section 18(b)(4)(C) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)(C)) is amended by striking “paragraph (4) or (11)” and inserting “paragraph (4), (10), or (11)”.

Approved November 3, 1998.

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LEGISLATIVE HISTORY—S. 1260 (H.R. 1689)

HOUSE REPORTS: Nos. 105-640 accompanying H.R. 1689 (Comm. on Commerce) and 105-803 (Comm. of Conference).

SENATE REPORTS: No. 105-182 (Comm. on Banking, Housing, and Urban Affairs).

CONGRESSIONAL RECORD, Vol. 144 (1998):

May 13, considered and passed Senate.

July 22, considered and passed House, amended, in lieu of H.R. 1689.

Oct. 13, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 34 (1998):

Nov. 3, Presidential statement.

SECURITIES LITIGATION UNIFORM STANDARDS ACT OF  
1998

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OCTOBER 9, 1998.—Ordered to be printed

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Mr. BLILEY, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany S. 1260]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1260), to amend the Securities Act of 1933 and the Securities Exchange Act of 1934 to limit the conduct of securities class actions under State law, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment, insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Securities Litigation Uniform Standards Act of 1998”.

**SEC. 2. FINDINGS.**

*The Congress finds that—*

- (1) the Private Securities Litigation Reform Act of 1995 sought to prevent abuses in private securities fraud lawsuits;*
- (2) since enactment of that legislation, considerable evidence has been presented to Congress that a number of securities class action lawsuits have shifted from Federal to State courts;*
- (3) this shift has prevented that Act from fully achieving its objectives;*

- (A) in subsection (c)(8), by moving the margin 2 em spaces to the left;
- (B) in subsection (h)(2), by striking “affecting” and inserting “effecting”;
- (C) in subsection (h)(3)(A)(ii)(II)(bb), by inserting “or” after the semicolon;
- (D) in subsection (h)(3)(A)(ii)(I), by striking “maintains” and inserting “maintained”;
- (E) in subsection (h)(3)(B)(ii), by striking “association” and inserting “associated”.
- (9) Section 15B(c)(4) (15 U.S.C. 78o-4(c)(4)) is amended by striking “convicted by any offense” and inserting “convicted of any offense”.
- (10) Section 15C(f)(5) (15 U.S.C. 78o-5(f)(5)) is amended by striking “any person or class or persons” and inserting “any person or class of persons”.
- (11) Section 19(c)(5) (15 U.S.C. 78s(c)(5)) is amended by moving the margin 2 em spaces to the right.
- (12) Section 20 (15 U.S.C. 78t) is amended by redesignating subsection (f) as subsection (e).
- (13) Section 21D (15 U.S.C. 78u-4) is amended—
- (A) in subsection (g)(2)(B)(i), by striking “paragraph (1)” and inserting “subparagraph (A)”.
- (B) by redesignating subsection (g) as subsection (f); and
- (14) Section 31(a) (15 U.S.C. 78ee(a)) is amended by striking “this subsection” and inserting “this section”.
- (c) INVESTMENT COMPANY ACT OF 1940.—*The Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) is amended as follows:*
- (1) Section 2(a)(8) (15 U.S.C. 80a-2(a)(8)) is amended by striking “Unitde” and inserting “United”.
- (2) Section 3(b) (15 U.S.C. 80a-3(b)) is amended by striking “paragraph (3) of subsection (a)” and inserting “paragraph (1)(C) of subsection (a)”.
- (3) Section 12(d)(1)(G)(i)(III)(bb) (15 U.S.C. 80a-12(d)(1)(G)(i)(III)(bb)) is amended by striking “the acquired fund” and inserting “the acquired company”.
- (4) Section 18(e)(2) (15 U.S.C. 80a-18(e)(2)) is amended by striking “subsection (e)(2)” and inserting “paragraph (1) of this subsection”.
- (5) Section 30 (15 U.S.C. 80a-29) is amended—
- (A) by inserting “and” after the semicolon at the end of subsection (b)(1);
- (B) in subsection (e), by striking “semi-annually” and inserting “semiannually”; and
- (C) by redesignating subsections (g) and (h), as added by section 508(g) of the National Securities Markets Improvement Act of 1996, as subsections (i) and (j), respectively.
- (6) Section 31(f) (15 U.S.C. 80a-30(f)) is amended by striking “subsection (c)” and inserting “subsection (e)”.
- (d) INVESTMENT ADVISERS ACT OF 1940.—*The Investment Advisers Act of 1940 (15 U.S.C. 80b et seq.) is amended as follows:*

(1) Section 203(e)(8)(B) (15 U.S.C. 80b-3(e)(8)(B)) is amended by inserting “or” after the semicolon.

(2) Section 222(b)(2) (15 U.S.C. 80b-18a(b)(2)) is amended by striking “principle” and inserting “principal”.

(e) TRUST INDENTURE ACT OF 1939.—The Trust Indenture Act of 1939 (15 U.S.C. 77aaa et seq.) is amended as follows:

(1) Section 303 (15 U.S.C. 77ccc) is amended by striking “section 2” each place it appears in paragraphs (2) and (3) and inserting “section 2(a)”.

(2) Section 304(a)(4)(A) (15 U.S.C. 77ddd(a)(4)(A)) is amended by striking “(14) of subsection” and inserting “(13) of section”.

(3) Section 313(a) (15 U.S.C. 77mmm(a)) is amended—

(A) by inserting “any change to” after the paragraph designation at the beginning of paragraph (4); and

(B) by striking “any change to” in paragraph (6).

(4) Section 319(b) (15 U.S.C. 77sss(b)) is amended by striking “the Federal Register Act” and inserting “chapter 15 of title 44, United States Code.”.

**SEC. 302. EXEMPTION OF SECURITIES ISSUED IN CONNECTION WITH CERTAIN STATE HEARINGS.**

Section 18(b)(4)(C) of the Securities Act of 1933 (15 U.S.C. 77r(b)(4)(C)) is amended by striking “paragraph (4) or (11)” and inserting “paragraph (4), (10), or (11)”.

And the House agree to the same.

TOM BLILEY  
M.G. OXLEY,  
BILLY TAUZIN,  
CHRIS COX,  
RICK WHITE,  
ANNA G. ESHOO,

*Managers on the Part of the House.*

ALFONSE D’AMATO,  
PHIL GRAMM,  
CHRIS DODD,

*Managers on the Part of the Senate.*