

118TH CONGRESS  
1ST SESSION

# H. R. 4019

To amend the Securities Exchange Act of 1934 to expand and restructure the leadership of the Securities and Exchange Commission, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2023

Mr. DAVIDSON (for himself and Mr. EMMER) introduced the following bill;  
which was referred to the Committee on Financial Services

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## A BILL

To amend the Securities Exchange Act of 1934 to expand and restructure the leadership of the Securities and Exchange Commission, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “SEC Stabilization Act  
5 of 2023”.

6 **SEC. 2. ORGANIZATION OF THE SECURITIES AND EX-**  
7 **CHANGE COMMISSION.**

8 (a) COMPOSITION OF THE COMMISSION.—

1           (1) IN GENERAL.—Section 4(a) of the Securi-  
2 ties Exchange Act of 1934 (15 U.S.C. 78d(a)) is  
3 amended—

4           (A) by striking “five commissioners” and  
5 inserting “6 commissioners”;

6           (B) by striking “term of five years” and  
7 inserting “term of 6 years”;

8           (C) by striking “except (1)” and inserting  
9 “except that”; and

10           (D) by striking “, and (2) the terms of of-  
11 fice of the commissioners first taking office  
12 after the enactment of this title shall expire as  
13 designated by the President at the time of nom-  
14 ination, one at the end of one year, one at the  
15 end of two years, one at the end of three years,  
16 one at the end of four years, and one at the end  
17 of five years, after the date of the enactment of  
18 this title.” and inserting “. The terms of the  
19 commissioners shall be staggered, with the  
20 terms of 2 commissioners ending every 2 years.  
21 In appointing any 2 commissioners whose terms  
22 end on the same date, the President may not  
23 appoint individuals from the same political  
24 party. Any rulemaking, enforcement action, or  
25 investigation of the Commission may only be

1 performed if a majority of the commissioners  
2 have voted for such rulemaking, enforcement  
3 action, or investigation.”.

4 (2) TRANSITION.—The President, in appointing  
5 the first members of the Securities and Exchange  
6 Commission taking office after the date of enact-  
7 ment of this Act, shall appoint such members to  
8 terms with a length such that the terms of 2 com-  
9 missioners end every 2 years, in accordance with sec-  
10 tion 4(a) of the Securities Exchange Act of 1934.

11 (b) EXECUTIVE DIRECTOR.—The Securities Ex-  
12 change Act of 1934 (15 U.S.C. 78a et seq.) is amended  
13 by inserting after section 4E the following:

14 **“SEC. 4F. EXECUTIVE DIRECTOR.**

15 “(a) ESTABLISHMENT.—The Commission shall have  
16 an Executive Director, who shall be appointed by the com-  
17 missioners.

18 “(b) LIMITATION.—An individual who has served as  
19 Chairman of the Commission may not serve as the Execu-  
20 tive Director.

21 “(c) REMOVAL.—The Executive Director may be re-  
22 moved by a vote of the majority of commissioners.

23 “(d) DUTIES.—Notwithstanding sections 4A and 4B,  
24 and any other provision of law, the Executive Director  
25 shall oversee the operations of the Commission, including

1 the hiring and compensation of Commission employees,  
2 the delegation of Commission functions to employees of  
3 the Commission, establishing Commission rules that are  
4 not subject to section 552 of title 5, United States Code,  
5 and all other internal-Commission matters.

6 “(e) DIRECT REPORTS.—

7 “(1) IN GENERAL.—Any employee of the Com-  
8 mission who, on the day before the date of enact-  
9 ment of this section, reported directly to the Chair-  
10 man shall report directly to the Executive Director.

11 “(2) DISTRIBUTION TO COMMISSIONERS.—The  
12 Executive Director shall promptly provide each com-  
13 missioner with a copy of any report received by the  
14 Executive Director.

15 “(f) EXCEPTION FOR PERSONAL STAFF.—Sub-  
16 sections (d) and (e) shall not apply to an employee in the  
17 personal office of a commissioner.

18 “(g) MEETINGS WITH COMMISSIONERS.—

19 “(1) MONTHLY MEETING.—

20 “(A) IN GENERAL.—The Executive Direc-  
21 tor and the commissioners of the Commission  
22 shall meet once per month to discuss the state  
23 of affairs of the Commission, including  
24 rulemakings, enforcement actions, and inves-  
25 tigations.

1           “(B) MEETING MINUTES.—The Executive  
2           Director and the commissioners shall make the  
3           meeting minutes from each meeting under sub-  
4           paragraph (A) available to the public.

5           “(2) MEETING AT THE CALL OF COMMIS-  
6           SIONERS.—In addition to the monthly meetings re-  
7           quired under paragraph (1)(A), the Executive Direc-  
8           tor and the commissioners shall meet at the call of  
9           3 or more commissioners.”.

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