



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

July 8, 2016

**H.R. 5421  
National Securities Exchange Regulatory Parity Act of 2016**

*As ordered reported by the House Committee on Financial Services on June 16, 2016*

Under current law, the Securities and Exchange Commission (SEC) exempts certain securities from state regulation. H.R. 5421 would expand the exemption to allow any security listed on a national exchange that is registered with the SEC to be exempt from state regulation.

On the basis of information from the SEC, CBO estimates that implementing H.R. 5421 would have an insignificant effect on the agency's costs. Under the bill the SEC would have to review any future changes to the rules of national exchanges and rescind a current SEC rule, but the cost of that work would not be significant. Moreover, the SEC is authorized to collect fees sufficient to offset its appropriation; therefore, CBO estimates that implementing H.R. 5421 would have a negligible effect on net discretionary costs, assuming appropriation actions consistent with that authority.

Enacting H.R. 5421 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 5421 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5421 would preempt state laws that govern the state-level registration of securities. Preemptions are mandates as defined in the Unfunded Mandates Reform Act (UMRA) because they limit the authority of states to apply their own laws. However, CBO estimates that the preemption would not affect the budgets of state, local, or tribal governments because it would impose no duty on states that would result in additional spending or a revenue loss.

H.R. 5421 contains no private-sector mandates as defined in UMRA.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.