



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 18, 2018

H.R. 4546 **National Securities Exchange Regulatory Parity Act**

*As ordered reported by the House Committee on Financial Services
on December 13, 2017*

Under current law, certain securities listed on national exchanges are exempt from state securities regulations. H.R. 4546 would allow any security listed on a national exchange that is registered with the Securities and Exchange Commission (SEC) to be exempted from such state regulations.

Using information from the SEC, CBO estimates that implementing H.R. 4546 would have an insignificant effect on that agency's costs. Under the bill, the SEC would have to review any future changes to the rules of national exchanges and update its own rules. CBO estimates that the cost of that work would be insignificant. Moreover, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

Enacting H.R. 4546 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 4546 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 4546 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 loss of revenues.

H.R. 4546 contains no private-sector mandates as defined in UMRA.

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Rachel Austin (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.