

companies and smaller public companies, such as securities exchanges, alternative trading systems, analysts, information processors, and transfer agents; and

(C) three non-voting members—

(i) one of whom shall be appointed by the Investor Advocate;

(ii) one of whom shall be appointed by the North American Securities Administrators Association; and

(iii) one of whom shall be appointed by the Administrator of the Small Business Administration.

(2) Term

Each member of the Committee appointed under subparagraph (B), (C)(ii), or (C)(iii) of paragraph (1) shall serve for a term of 4 years.

(3) Members not Commission employees

Members appointed under subparagraph (B), (C)(ii), or (C)(iii) of paragraph (1) shall not be treated as employees or agents of the Commission solely because of membership on the Committee.

(c) Chairman; vice chairman; secretary; assistant secretary

(1) In general

The members of the Committee shall elect, from among the members of the Committee—

- (A) a chairman;
- (B) a vice chairman;
- (C) a secretary; and
- (D) an assistant secretary.

(2) Term

Each member elected under paragraph (1) shall serve for a term of 3 years in the capacity for which the member was elected under paragraph (1).

(d) Meetings

(1) Frequency of meetings

The Committee shall meet—

- (A) not less frequently than four times annually, at the call of the chairman of the Committee; and
- (B) from time to time, at the call of the Commission.

(2) Notice

The chairman of the Committee shall give the members of the Committee written notice of each meeting, not later than 2 weeks before the date of the meeting.

(e) Compensation and travel expenses

Each member of the Committee who is not a full-time employee of the United States shall—

(1) be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level V of the Executive Schedule under section 5316 of title 5 for each day during which the member is engaged in the actual performance of the duties of the Committee; and

(2) while away from the home or regular place of business of the member in the performance of services for the Committee, be allowed travel expenses, including per diem in

lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5.

(f) Staff

The Commission shall make available to the Committee such staff as the chairman of the Committee determines are necessary to carry out this section.

(g) Review by Commission

The Commission shall—

(1) review the findings and recommendations of the Committee; and

(2) each time the Committee submits a finding or recommendation to the Commission, promptly issue a public statement—

(A) assessing the finding or recommendation of the Committee; and

(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.

(h) Federal Advisory Committee Act

The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Committee and its activities.

(June 6, 1934, ch. 404, title I, §40, as added Pub. L. 114-284, §2(b), Dec. 16, 2016, 130 Stat. 1450.)

REFERENCES IN TEXT

The Federal Advisory Committee Act, referred to in subsec. (h), is Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 770, which is set out in the Appendix to Title 5, Government Organization and Employees.

CHAPTER 2B-1—SECURITIES INVESTOR PROTECTION

Sec.	
78aaa.	Short title.
78bbb.	Application of Securities Exchange Act of 1934.
78ccc.	Securities Investor Protection Corporation.
78ddd.	SIPC Fund.
78eee.	Protection of customers.
78fff.	General provisions of a liquidation proceeding.
78fff-1.	Powers and duties of a trustee.
78fff-2.	Special provisions of a liquidation proceeding.
78fff-3.	SIPC advances.
78fff-4.	Direct payment procedure.
78ggg.	SEC functions.
78hhh.	Examining authority functions.
78iii.	Functions of self-regulatory organizations.
78jjj.	Prohibited acts.
78kkk.	Miscellaneous provisions.
78lll.	Definitions.

§ 78aaa. Short title

This chapter may be cited as the “Securities Investor Protection Act of 1970”.

(Pub. L. 91-598, §1(a), Dec. 30, 1970, 84 Stat. 1636.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “This Act”, meaning Pub. L. 91-598, Dec. 30, 1970, 84 Stat. 1636. For complete classification of this Act to the Code, see Tables.

SHORT TITLE OF 1978 AMENDMENT

Pub. L. 95-283, §1, May 21, 1978, 92 Stat. 249, provided that: “This Act [enacting sections 78fff-1 to 78fff-4 of

this title, amending sections 77c, 78c, 78k, and 78ccc to 78lll of this title and enacting provisions set out as a note under section 78k of this title] may be cited as the ‘Securities Investor Protection Act Amendments of 1978’.”

§ 78bbb. Application of Securities Exchange Act of 1934

Except as otherwise provided in this chapter, the provisions of the Securities Exchange Act of 1934 [15 U.S.C. 78a et seq.] (hereinafter referred to as the “1934 Act”) apply as if this chapter constituted an amendment to, and was included as a section of, such Act.

(Pub. L. 91-598, § 2, Dec. 30, 1970, 84 Stat. 1637.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 91-598, Dec. 30, 1970, 84 Stat. 1636. For complete classification of this Act to the Code, see Tables.

The Securities Exchange Act of 1934, referred to in text, is act June 6, 1934, ch. 404, 48 Stat. 881, which is classified principally to chapter 2B (§78a et seq.) of this title. For complete classification of this Act to the Code, see section 78a of this title and Tables.

§ 78ccc. Securities Investor Protection Corporation

(a) Creation and membership

(1) Creation

There is hereby established a body corporate to be known as the “Securities Investor Protection Corporation” (hereafter in this chapter referred to as “SIPC”). SIPC shall be a nonprofit corporation and shall have succession until dissolved by Act of the Congress. SIPC shall—

(A) not be an agency or establishment of the United States Government; and

(B) except as otherwise provided in this chapter, be subject to, and have all the powers conferred upon a nonprofit corporation by, the District of Columbia Nonprofit Corporation Act.

(2) Membership

(A) Members of SIPC

SIPC shall be a membership corporation the members of which shall be all persons registered as brokers or dealers under section 78o(b) of this title, other than—

(i) persons whose principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions;

(ii) persons whose business as a broker or dealer consists exclusively of (I) the distribution of shares of registered open end investment companies or unit investment trusts, (II) the sale of variable annuities, (III) the business of insurance, or (IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts; and

(iii) persons who are registered as a broker or dealer pursuant to section 78o(b)(11)(A) of this title.

(B) Commission review

SIPC shall file with the Commission a copy of any determination made pursuant to

subparagraph (A)(i). Within thirty days after the date of such filing, or within such longer period as the Commission may designate of not more than ninety days after such date if it finds such longer period to be appropriate and publishes its reasons for so finding, the Commission shall, consistent with the public interest and the purposes of this chapter, affirm, reverse, or amend any such determination of SIPC.

(C) Additional members

SIPC shall provide by rule that persons excluded from membership in SIPC under subparagraph (A)(i) may become members of SIPC under such conditions and upon such terms as SIPC shall require by rule, taking into account such matters as the availability of assets and the ability to conduct a liquidation if necessary.

(D) Disclosure

Any broker or dealer excluded from membership in SIPC under subparagraph (A)(i) shall, as required by the Commission by rule, make disclosures of its exclusion and other relevant information to the customers of such broker or dealer who are living in the United States or its territories and possessions.

(b) Powers

In addition to the powers granted to SIPC elsewhere in this chapter, SIPC shall have the power—

(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel, in any State, Federal, or other court;

(2) to adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) to adopt, amend, and repeal, by its Board of Directors, such bylaws as may be necessary or appropriate to carry out the purposes of this chapter, including bylaws relating to—

(A) the conduct of its business; and

(B) the indemnity of its directors, officers, and employees (including any such person acting as trustee or otherwise in connection with a liquidation proceeding) for liabilities and expenses actually and reasonably incurred by any such person in connection with the defense or settlement of an action or suit if such person acted in good faith and in a manner reasonably believed to be consistent with the purposes of this chapter.

(4) to adopt, amend, and repeal, by its Board of Directors, such rules as may be necessary or appropriate to carry out the purposes of this chapter, including rules relating to—

(A) the definition of terms used in this chapter, other than those terms for which a definition is provided in section 78lll of this title;

(B) the procedures for the liquidation of members and direct payment procedures, including the transfer of customer accounts, the distribution of customer property, and the advance and payment of SIPC funds; and

(C) the exercise of all other rights and powers granted to it by this chapter;

(5) to conduct its business (including the carrying on of operations and the maintenance