

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
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TO THE MEMBERS OF THE UNITED STATES CONGRESS:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of all sizes, sectors and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, believes that effective regulation is needed to ensure the safety and soundness of the financial markets.

As we mark the events that brought the 2007-2008 financial crisis to its peak, the Chamber would like to bring your attention to two important reports to address some of the lingering causes of this crisis that remain unaddressed.

There were multiple causes for the financial crisis and an important contributory cause was a patchwork financial regulatory structure that largely mirrored a Great Depression era economy. This financial regulatory system failed to monitor and regulate the varied capital markets used by businesses to grow and create jobs in a globally competitive 21st century economy.

Congress sought to address some of these challenges in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Rather than streamlining the system, the Dodd-Frank Act left the existing byzantine regulatory structure in place, even adding new layers of regulators and overlapping jurisdictions upon a crumbling foundation. Also, the Dodd-Frank Act failed to address many of the issues that left regulators unable to identify and address issues in the run up to the financial crisis.

Earlier this year, the Chamber released the [Fix. Add. Replace. \(FAR\) Agenda](#) to *Fix* the gaps and unintended consequences of Dodd-Frank, *Add* solutions for those issues that were ignored, and *Replace* flawed provisions of Dodd-Frank.

Some of the items in the FAR Agenda include:

Fix

- Ensure that End-Users of Derivatives are able to manage financial risk;
- Make the Financial Stability Oversight Council more transparent, and better coordination among financial regulators; and
- Establish checks and balances for the Consumer Financial Protection Bureau (CFPB).

Add

- Streamline regulators through consolidation and process reforms;
- Enhance global regulatory coordination; and
- Improve financial reporting systems.

Replace

- Repeal and replace the Volcker Rule;
- Ensure corporate governance compliance requirements are linked to long-term shareholder value; and
- Stop disincentives for investment and retirement savings, such as the Financial Transactions Tax.

The Chamber has also released a report entitled [*U.S. Securities and Exchange Commission: A Roadmap for Transformational Reform*](#), which proposes 28 recommendations to fundamentally reform the Securities and Exchange Commission (SEC) with the goal of restoring it as the world's premier financial services regulator. This report updates the 2009 report by the Center for Capital Markets Competitiveness entitled [*Examining the Efficiency and Effectiveness of the U.S. Securities and Exchange Commission*](#).

While SEC has made some important and necessary improvements since 2009, much remains to be done. Effective financial regulation cannot take place until the regulators themselves are better managed and have the tools and expertise needed to understand the markets that they regulate. This report makes constructive reform proposals that, taken together, would help to achieve the level of change needed to transform the agency, including:

1. **Develop a bold and clear plan:** The report provides many ideas, including how to make rulemaking, supervisory inspections, and enforcement more effective. The cost-benefit analysis should be a part of the rulemaking process, rather than serve as an after the fact justification of the approach taken, and should include a “look-back” review for major rules.
2. **Put someone in charge of implementing the plan:** The report recommends expanding the Commission to seven members and designating one Commissioner as Deputy Chairman for Management and Operations, responsible for overseeing a comprehensive review and reorganization of the Commission as the Chief Transformation Officer.
3. **Remove statutory and practical obstacles:** This report recommends ensuring that the Commission has the ability to hire the right people with the right skills and that staff is put in positions to succeed or are removed.
4. **Tie increased funding and resources to the transformation process:** In addition to providing recommendations to enable SEC to utilize its current resources better, this report recognizes that transformational change will require additional resources. Congress should insist on timing and clear progress in implementing necessary changes as a condition for expanded funding.

The Chamber looks forward to working with you to promote comprehensive financial regulatory reform, which is needed for capital markets to operate efficiently – providing businesses with the resources to grow, create jobs, and compete in a global economy.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with a large initial "R" and a long, sweeping tail.

R. Bruce Josten