

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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June 24, 2013

The Honorable Tom Udall
Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Mike Johanns
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Udall and Ranking Member Johanns:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses 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 regulators are needed to ensure the safety and soundness of the financial markets.

As the Subcommittee on Financial Services and General Government holds a hearing titled, *A Review of the President's Fiscal Year 2014 Funding Request and Budget Justification for the U.S. Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission*, the Chamber would like to draw your attention to a report titled [U.S. Securities and Exchange Commission: a Roadmap for Transformational Reform](#), which proposes 28 recommendations to fundamentally reform the SEC with the goal of restoring it as the world's premier financial services regulator. This report updates a 2009 report titled [Examining the Efficiency and Effectiveness of the U.S. Securities and Exchange Commission](#).

An effective regulatory structure is essential for markets to operate efficiently and for businesses to access the capital they need to grow and create jobs. Ineffective regulation was a contributing factor in the 2008-2009 financial crisis. While the 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 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 are 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 the 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 believes that the solutions embodied in this report are a starting point for fundamentally reforming the SEC so that it can once again become the modern, efficient, fair, and tough regulator that it once was and must become once again. The Chamber looks forward to working with the members of the Subcommittee to ensure the vibrancy of the American capital markets.

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 underline.

R. Bruce Josten

Cc: The Senate Committee on Appropriations