CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
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The Honorable Tim Johnson
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Michael Crapo
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Johnson and Ranking Member Crapo:

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 regulation is needed to ensure the safety and soundness of the financial markets.

As the Senate Committee on Banking, Housing and Urban Affairs holds a hearing entitled *Mitigating Systemic Risk Through Wall Street Reforms*, we would like to draw your attention to the results of a study released by the Chamber earlier this year, How Main Street Businesses Use Financial Services. This survey interviewed more than 200 chief financial officers and corporate treasurers of mid-cap and large-cap Main Street companies. Some of the key results of this survey follow:

1. **Choice and Diversity is Critical for Business Operations and Flexibility**

   - Businesses use multiple financial services firms to meet their financial services needs, with 62% using 5 or more firms and 25% using 10 or more firms.

   - Businesses use financial firms of various sizes. For example, among the businesses that issue debt, 84% use global firms, 34% use national firms, and 21% use regional and local banks.

2. **Ineffective Regulations Equals Reduced Choices and Increased Costs**

   - Main Street businesses say that the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) is reducing choice with 71% rating Dodd-Frank as negatively affecting access to financial services.

- Of those who say Dodd-Frank is hurting access to capital, 79% say Dodd-Frank has increased costs, forcing businesses to delay investments or reduce operations.

3. Main Street Businesses Favor Policies that Preserve Choice

- Main Street businesses view the preservation of regional and community banks as a positive trend, while viewing a break-up of the big banks and consolidation of financial services as a negative trend.

The Chamber would also direct the Committee to the **Fix, Add, Replace Agenda** (FAR Agenda) to address important financial regulatory reform issues by fixing those areas of the Dodd-Frank Act that aren't working properly, adding those issues that weren't addressed in the Dodd-Frank Act, and replacing those provisions of the Dodd-Frank Act that are unfixable.

Vibrant capital markets are vital for businesses to operate, grow, and create jobs. Balanced and forward looking regulations are necessary for Main Street businesses to access wide and diverse sources of capital to meet these needs. However, ineffective and antiquated regulatory structures restrict the choice and flexibility of Main Street businesses to engage in the capital formation needed to operate and grow in the short- and long-term.

The Chamber looks forward to working with you to promote comprehensive financial regulatory reform that achieves these goals.

Sincerely,

R. Bruce Josten

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs