

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

March 11, 2016

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
Committee on appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Ander Crenshaw
Chairman
House Appropriations Committee
Subcommittee on Financial Services
Washington, DC 20515

The Honorable José Serrano
Ranking Member
House Appropriations Committee
Subcommittee on Financial Services
Washington, DC 20515

Dear Chairman Rogers, Ranking Member Lowey, Chairman Crenshaw, and Ranking Member Serrano:

We urge you to fully fund the Securities and Exchange Commission (SEC or the Commission) in the Financial Services and General Government appropriations bill for Fiscal Year (FY) 2017 by providing the level of funding requested in the President's budget of \$1.781 billion.

We are extremely concerned that the Commission's resources are insufficient to keep pace with the ever-expanding and increasingly complex U.S. and global capital markets. Currently, the SEC oversees over 26,000 market participants, including nearly 11,000 mutual funds and exchange traded funds, over 4,000 broker-dealers, and over 400 transfer agents. The agency also supervises 18 national securities exchanges, 10 credit rating agencies, and six active registered clearing agencies, as well as the Public Company Accounting Oversight Board (PCAOB), Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board (FASB).

Moreover, the size and complexity of the market participants it oversees have grown exponentially. For example, from 2001 to 2015, assets under the management of SEC-registered advisers increased approximately 210 percent from \$21.5 trillion to approximately \$66.8 trillion, and assets under management of mutual funds grew by almost 125 percent from \$7 trillion to over \$15 trillion. To police these market participants and better protect investors, the SEC must be able to hire additional enforcement and investigations staff and improve its technology.

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In addition, the SEC has been tasked with implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Jumpstart Our Business Startups Act (JOBS Act) and several key provisions of the Fixing America's Surface Transportation Act (FAST Act). As you know, the Dodd-Frank Act created an entirely new regulatory regime for the previously unregulated security-based swaps market, including the toxic credit-default swaps that played an important role in the 2008 financial crisis. And, the JOBS Act provided relief for small businesses by, for example, requiring the SEC to create a new regulatory regime for equity crowdfunding. While the SEC has worked tirelessly to implement these laws, and, in fact, has proposed or adopted nearly all of its mandatory rulemakings, the SEC must be able to effectively oversee and enforce compliance with these rules, which requires more resources.

The \$1.781 billion requested by the President will allow the SEC to hire additional examiners to improve oversight of investment advisers, broker-dealers, clearing agencies, transfer agents, self-regulatory organizations, and swaps market participants. The budget will also enable the SEC to hire additional staff so that it may successfully prosecute violations of the securities laws. Finally, the FY 2017 budget will allow the SEC to modernize its technology systems with advanced analytics and improved data security.

We also support President Obama's goal of doubling the Commission's resources over the next five years. Increasing the SEC's resources to such a level is consistent with funding levels previously authorized by Congress for the SEC in Dodd-Frank and critical to the success of the agency. Without this funding, we risk impeding the Commission's ability to protect the savings of hard-working Americans and to ensure all market participants abide by the rule of law.

Thank you in advance for your consideration of this critical request. Please contact Jennifer Read with any questions about this letter.



Maxine Waters
Ranking Member
Committee on Financial Services

Sincerely,



Carolyn Maloney
Ranking Member
Subcommittee on Capital Markets
and Government Sponsored Enterprises

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Justin Kelly

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Louise M. Slaughter

Mike Conaway

Aed Weitch

Jeff Van Amey

Wm. Lacy Clay

Flynn E. Townsend

Gregory T. Meeks

Sven Gonne

Barbara Lee

Rubén Flórez

Keith Elam

Alonzo L. Slaughter

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Bill Foster

Jonny Lee

Leti Welt

Matthew A. Carter

Raul M. Hijab

[Signature]

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