

May 27, 2022

The Honorable Chris Van Hollen
U.S. Senate Appropriations Committee,
Subcommittee on Financial Services
Room S-128, The Capitol
Washington, D.C. 20510

The Honorable Cindy Hyde-Smith
U.S. Senate Appropriations Committee,
Subcommittee on Financial Services
Room S-128, The Capitol
Washington, D.C. 20510

The Honorable Mike Quigley
U.S. House Appropriation Committee,
Subcommittee on Financial Services
2000 Rayburn House Office Building
Washington DC, 20515

The Honorable Steve Womack
U.S. House Appropriation Committee,
Subcommittee on Financial Services
2000 Rayburn House Office Building
Washington DC, 20515

Re: Fiscal Year 2023 Funding for U.S. Securities and Exchange Commission

Dear Chairman Van Hollen, Chairman Quigley, Ranking Member Hyde-Smith, and Ranking Member Womack:

We write in strong support of the President’s Budget’s requested \$2.149 billion in funding for the U.S. Securities and Exchange Commission’s (“SEC” or “Commission”), which reflects a roughly 10 percent increase over the agency’s FY 2022 enacted budget.¹

The undersigned believe full funding for the SEC’s budget request is necessary and appropriate, to allow the SEC to respond to a host of emergent issues, and simultaneously to continue prioritizing and faithfully overseeing the implementation of SEC Regulation Best Interest.

The SEC was established in 1934 to protect investors, maintain fair and orderly markets, and facilitate capital formation. Today, it is America’s foremost financial market regulator, and the “cop on the beat” for a \$100 trillion capital market that is the largest and most innovative in the world.

As of 2022, the Commission monitors 29,000 registered entities, as well as numerous national security exchanges, alternative trading systems, credit rating agencies, clearing agencies and self-regulatory organizations.² Moreover, the number and complexity of the SEC’s registrants continues to grow. Indeed, over the past five years alone, the number of SEC registrants has grown by 12 percent.³ At the same time, the Commission is confronting “financial technologies and business models from predictive data analytics [to] cryptocurrencies [that] continue to change the

¹ According to Chairman Gensler, the SEC plans to use these resources to address a variety of emergent issues including cryptocurrency exchanges and tokens, increasing numbers of initial public offerings and special purpose acquisition companies and a growing number of private funds.

² SEC Chairman Gensler Testimony at Hearing before the Subcommittee on Financial Services and General Government U.S. House Appropriations Committee. May 17, 2022. Accessible at <https://www.sec.gov/news/testimony/gensler-testimony-fsgg-subcommittee>

³ Oral testimony of SEC Chairman Gensler at at Hearing before the Subcommittee on Financial Services and General Government U.S. House Appropriations Committee. May 17, 2022. Accessible at <https://appropriations.house.gov/events/hearings/fiscal-year-2023-budget-request-for-the-federal-trade-commission-and-the-securities>

face of finance,” and is obligated to understand these innovations and respond to any risks they may entail.”⁴

In short, despite significant increases in the SEC’s workload and responsibilities over recent years, the agency’s resources have failed to keep pace with its responsibilities.⁵ In the absence of strong support from Congress, the present strain on the SEC’s resources stand only to grow, given that the Commission is simultaneously pursuing multiple major rulemakings and other priorities.

In view of the growing challenges and priorities outlined above, and our organizations’ shared conviction that the SEC must continue to possess sufficient resources to prioritize the implementation and enforcement SEC Regulation Best interest, we strongly urge the Congressional Financial Services and General Government Appropriations Subcommittee to fully fund the SEC’s FY 2023 budget request of \$2.149 billion.⁶

Thank you for your consideration of our views.

Sincerely,

Better Markets

The Certified Financial Planner Board of Standards, Inc.

The Consumer Federation of America (CFA)

The Financial Planning Association (FPA)

The Investment Adviser Association (IAA)

The National Association of Personal Financial Advisers (NAPFA)

CC: The Honorable Patrick Leahy
The Honorable Richard Shelby
The Honorable Rosa DeLauro
The Honorable Kay Granger

⁴ Recent examples of such challenges identified by the Commission are the market events in March 2020; meme stock volatility; the rapid growth of speculative crypto markets; and the collapse of Archegos Capital Management.

⁵ In FY 2022 the SEC is 2 percent smaller than it was in FY 2016.

⁶ We also note that SEC’s budget is fully budget neutral and offset by matching collections of fees on securities transactions.