



# Chairman Ander Crenshaw

*Subcommittee on Financial Services and General Government  
House Committee on Appropriations*

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**FY 2017 Budget Hearing: Securities and Exchange Commission**

**March 22, 2016**

**Opening Statement As Prepared**

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The hearing will come to order.

I would like to welcome our witness, SEC Chair Mary Jo White. Thank you for being here today. We always enjoy having you appear before this Committee and I am sure our subcommittee Members have lots to discuss with you today.

The Securities and Exchange Commission plays a critical role in protecting investors, encouraging capital formation, and maintaining fair and efficient markets. Just as buyers and sellers expect the U.S. markets to be fair and efficient, the regulator who oversees them is expected to be fair and efficient, as well.

For fiscal year 2017, the SEC is requesting \$1.781 billion, which is a \$176 million, or an 11 percent, increase over fiscal year 2016. While the SEC is a fee-funded agency, Congressional oversight over the Commission's budget is essential in holding the SEC accountable for fulfilling its mission, and making sure it is responsive to the markets and investor, as well as Congressional, concerns. I look forward to discussing your request, and why the Commission believes it needs additional resources.

For the last three years, this Committee has set aside resources within the overall SEC funding amount to fully fund the Division of Economic and Risk Analysis (DERA; "*Deer-uh*"). In that time, the funds this Committee provided have given DERA the ability to grow by almost 50 positions, including 16 PhD economists. I believe cost-benefit analysis of SEC rulemakings is very informative and I support the work that DERA does to educate the Commission about the macro and micro economic effects of SEC rulemakings. I also want to express my support for other DERA functions, such as developing risk-based models for the Commission's inspections and enforcement divisions.

In addition to your duties as Chair of the SEC, you are also a member of the Financial Stability and Oversight Council (FSOC). I know we discussed this a bit last year, but the designation process for systemically important financial institutions (SIFIs) is still a concern for me. Although FSOC has adopted some transparency measures since we last spoke, I am not sure they

go far enough. In addition, I still believe the current designation process is inflexible. Entities should be given the opportunity to address systemic risk before being designated. FSOC's success should be measured by how it mitigates systemic risk, not the number of its designations.

Another issue that we discussed last year was liquidity in the markets, especially within the fixed income markets. As I am sure you know, the fiscal year 2016 Omnibus required DERA to report back to the Committee within one year of enactment on the combined impact that the Volker Rule, Basel III, and other financial regulations have had on access to capital for consumers, investors, and businesses, and on market liquidity. I continue to have concerns that the cumulative effect of these layers of regulations has adversely affected overall market liquidity. I look forward to reading the report and discussing with you today what the SEC is doing to address this issue.

The 2016 Omnibus bill also included a provision which prohibits the SEC from finalizing, issuing, or implementing any rule or order regarding the disclosure of political contributions in SEC filings. I believe Congress was very clear on this issue. However, I understand that there are some who believe the SEC is able to still work on a potential rule without actually finalizing the regulation. Let me caution you against this interpretation. The Commission has lots of work to do, including congressionally mandated work, that is more important than advancing a policy that Congress has never required and plainly rejected in statute.

On a bipartisan note, last month the House passed H.R. 3784, the SEC Small Business Advocate Act. Both Mr. Quigley and I were sponsors of the bill and I hope the Senate takes up this legislation soon as small businesses are on the forefront of job creation and technology innovation. The SEC Small Business Advocate Act establishes an Office of the Advocate for Small Business Capital Formation and the Small Business Capital Formation Advisory Committee to assist small businesses and small business investors with any problems they may have with the Commission; identify difficulties small businesses have in securing access to capital—including unique challenges for minority and women-owned small businesses; analyze the potential impact of SEC regulations on small businesses; and propose changes to SEC regulations which would better promote the interests and needs of small businesses and their investors. I am interested to hear from you, Chair White, on how the SEC is currently making small businesses and small business capital formation a priority and your thoughts on this bipartisan legislation.

The SEC should be one of the leaders in helping further grow our economy while at the same time keeping our markets fair and orderly. This is an important responsibility that I know you take seriously. We appreciate all that you and your staff do and we thank you again for being here today. We look forward to your testimony.

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