

Maxine Waters - House Floor Statement

On the consideration of H.R. 1062, “SEC Regulatory Accountability Act”

May 17, 2013

I rise to strongly oppose HR 1062. This bill places significant additional requirements for economic analysis by the Securities and Exchange Commission (SEC), effectively bringing any efforts at rulemaking to a standstill.

Let's be clear: the purpose of this legislative effort is to stop implementation of the Dodd-Frank Wall Street Reform and Consumer Protect Act dead in its tracks. After losing in Congress, the fight against the Dodd-Frank Act moved to the courts, beginning with overturning the proxy access rules they adopted under authority provided by that Act. Although I agreed fully with the SEC's position, a court found that the SEC did not meet its already significant requirements to conduct an economic analysis.

After the proxy access case was overturned, the SEC adopted improved standards for conducting cost-benefit analyses. These procedures were cited by the GAO last December as having all the elements of good regulatory analysis. Basically what the GAO is saying, we took a look we studied it and they do a good job.

Nonetheless, the bill before us today adds even more requirements, tying up SEC resources and putting it at even greater risk of litigation for every rule. Despite the assurances of my Republican colleagues that they are only applying the terms of an executive order to the SEC, that executive order explicitly protects agencies from lawsuits based on their economic analysis. HR 1062 has no such protection for the SEC.

The Commission is undertaking a valiant effort to finish the Dodd-Frank and JOBS Act rules, even in the face of attempts by the majority to restrict their funding. As the SEC attempts to balance capital formation with the need to protect investors, this bill weights the scales heavily in favor of industry over investors. In fact, the words “investor protection” do not appear anywhere in this bill. Even without this bill, we can count on industry lobbyists to sue the SEC any time it sees a weakness in the justification supporting a rule, as they have in several other cases currently before the courts.

And this bill does not apply only to new rules. This is extraordinary, and I want to say this so everybody understands. This bill would require the Commission to review every rulemaking ever issued – even those that have protected our securities markets since the Great Depression – one year after the adoption of this bill, and every 5 years thereafter. As a result, the Commission will be forced to divert resources away from other key areas, such as enforcement. This comes at a time when House Republicans want to hold SEC funding flat, despite the SEC's new responsibilities, the increase in the number of participants it oversees, and the growth of complexity and size of US securities markets.

It is ironic that, as House Republicans push this bill forward, they also are calling for the SEC to speed up its efforts on JOBS Act rules. This bill makes it impossible for the SEC to meet the very deadline we adopted just two days ago when we passed HR 701. I urge my colleagues to oppose HR 1062.

Maxine Waters - House Floor Closing Statement

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“SEC Regulatory Accountability Act”

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This is the final amendment to the bill which will not kill the bill or send it back to committee. If adopted, the bill will immediately proceed to final passage as amended.

This motion ensures the ability of the SEC to continue to protect investors and enforce the securities laws. I want to emphasize that this motion does not stop the bill, but it does flag the very important ways in which we need to let the SEC act. The motion would ensure that the SEC can protect investors and enforce the securities laws in two specific areas:

First the motion will ensure that this bill does not reduce the ability of the SEC to protect the pension plans of our firefighters and police, the people on whom we rely as our first responders, as well as the pension plans of teachers and other retirees, against fraudulent and deceptive practices. Protecting investors is a core element of the SEC's mission and one that we ignore at our peril.

This week is police officers week, do we really want to honor our men and women in service by stripping them of protections for their hard earned earnings. Mr. Speaker these protections become ever more crucial as we rely increasingly on the securities markets for our retirement savings, these protections become ever more crucial.

Second, the motion to recommit focuses on protecting investors by ensuring that the SEC can protect against the takeover of American firms by foreign companies, particularly Chinese companies that are using such mergers to access the investor funds in our capital markets without going through the SEC registration process. The SEC has had numerous enforcement actions against such companies, which purchase a small company and merger it with a larger, often fraudulent, foreign company. It has worked hard to protect the savings of hard working Americans including: union pension holders and other pensioners from being disadvantaged by these Chinese firms that don't play by the same rules

Both of these areas highlight the importance of SEC action to protect investors, particularly those preparing for retirement. With Americans increasingly dependent on the securities markets to protect their retirement savings, it is more critical than ever to ensure that we preserve the ability of the SEC to act.

Just yesterday, we heard from the SEC's new Chairwoman, Mary Jo White. When we asked her about this bill, she said that she found it “very troubling.” I don't imagine that a former prosecutor who took on the mob and terrorists is easily troubled. Indeed, she said that she had already needed at least 45 new economists to meet the need for an expanded economic

analysis under the SEC standards, but that she couldn't hire them due to the sequester. This is troubling indeed.

Rather than helping the SEC do its job better, we are cutting its budget and throwing up new roadblocks, like this bill. It is a mistake, and I urge my colleagues to support this motion.

I yield back the balance of my time.