

Testimony of Securities and Exchange Commission General Counsel Megan Barbero Before the
United States House of Representatives Committee on Financial Services, Subcommittee on
Oversight and Investigations

June 22, 2023

Good morning, Chairman Huizenga, Ranking Member Green, and members of the Committee. Thank you for inviting me to testify today. I note that my testimony is provided in my official capacity as the Commission's General Counsel but does not necessarily reflect the views of the Commission, the Commissioners, or other members of the staff.

SEC Mission

The Securities and Exchange Commission is an independent federal agency, headed by a bipartisan five-member Commission, and charged with a three-part mission: protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation. The agency's work is critical to the functioning of the U.S. and global economies, as well as the financial well-being of millions of American households. Among other things, the SEC helps to make sure that investors—your constituents—can safely invest their 401(k)s, IRAs, and college savings accounts. The agency also helps individuals access the capital markets so they can fund businesses—small and large—and help drive innovation across all industries.

Since I started at the agency nearly two years ago, I have been in awe of the dedicated SEC staff who show up every day ready to serve the public and work hard to ensure that investors receive the protections to which they are entitled, that issuers are able to register and grow their businesses, and that regulated entities receive the guidance and oversight necessary to operate within our increasingly complex capital markets.

Role of SEC's Office of the General Counsel

Today, I have the privilege of appearing before you as the SEC's General Counsel, a position I've held since February of this year. As General Counsel, I am the agency's chief legal officer, responsible for advising the Chair, Commissioners, and staff throughout the agency on a variety of legal matters. OGC's legal advice touches on all aspects of the SEC's activities, including the administration of the federal securities laws and the day-to-day management of the agency's staff, resources, and business operations. Our office consults regularly with the agency's 6 operating divisions and 24 other offices, as well as with staff in the SEC's 11 regional offices nationwide.

Serving as the SEC's General Counsel is a tremendous honor, and I am fortunate to be able to observe firsthand the incredible contributions of my office's nearly 150 talented and diverse employees. The staff has impressed me daily with their expertise, their dedication to the mission, and their incredible sense of camaraderie and teamwork. They are extraordinarily skilled, and I have benefited immensely from their knowledge and deep expertise. They bring to their roles years of experience and a wealth of knowledge in the federal securities laws, administrative law, labor and employment law, appropriations, contracting, privacy, and so many other areas.

OGC is generally organized into four groups: (1) Appellate, (2) General Litigation, (3) Legal Policy, and (4) Adjudication and Oversight. The Appellate Litigation Group represents the Commission in litigation where the agency is a party in the federal courts of appeals and, in conjunction with the Solicitor General, in the U.S. Supreme Court. The group also represents the Commission in certain bankruptcy matters and as amicus curiae in private litigation where the Commission decides it is important to weigh in on significant issues arising under the federal securities laws.

The General Litigation Group defends the Commission in civil and administrative litigation relating to the performance of the Commission's official functions, including in matters arising under federal employment and labor laws, acquisition and procurement regulations, and the Freedom of Information Act. The General Litigation Group also provides legal advice to agency management on a broad range of issues related to, among other things, the SEC's budget, real estate leasing, intellectual property disputes, personnel matters, equal employment opportunity proceedings, and labor relations and collective bargaining.

The Legal Policy Group provides legal and policy analysis and advice to the Commission and staff across the agency on enforcement and regulatory matters. On the enforcement side, the legal policy staff reviews and advises on all recommendations to the Commission concerning enforcement and whistleblower matters. On the regulatory side, the staff reviews all rulemaking and regulatory recommendations to the Commission and advises other offices and divisions on other, related regulatory activities. The staff also provides advice on the agency's obligations under applicable administrative laws.

Within the Adjudication and Oversight Group, the Adjudication staff advises and assists the Commission in issuing opinions in administrative enforcement proceedings and appeals from decisions by the self-regulatory organizations the Commission oversees. The Oversight and Investigations staff advises and assists the Commission with a variety of functions, including analyzing new legislation and Presidential actions, conducting internal investigations, and responding to congressional correspondence and oversight inquiries.

The dedicated oversight function, in particular, is a recent addition to the office. The creation of this team reflects a decision by the agency to hire a specialized team of attorneys to improve the Commission's oversight response capabilities, among other things. We have also supplemented that team with additional professional and technical support, and the team regularly engages with subject matter experts across the SEC's divisions and offices to assist the team in responding to oversight requests.

I appreciate that I am here in part because of this Committee's interest in the Commission's work responding to oversight inquiries. I am familiar with the Committee's recent inquiries and I want to assure you that my team, along with staff from the Commission's Office of Legislative and Intergovernmental Affairs, is working diligently to respond to the Committee's requests. We are all committed to working with Committee staff to provide the Committee information it has requested. The creation of OGC's oversight team—and the resources we've continued to dedicate to it—including at the highest levels within OGC, reflect that commitment.

I share Chair Gensler's great respect for this Committee and its oversight prerogative. Our work at the Commission is made better every day by input from individuals outside our building—including investors, issuers, the entities we regulate, and this Committee and its Members. Without a doubt, our decisions benefit from the ideas, recommendations, and engagement of lawmakers, in addition to those members of the public who are directly impacted by our actions and rules.

Conclusion

Thank you for the opportunity to testify today and for the Committee's continued support of the SEC, its mission, and its people. I look forward to working with each of you to advance the SEC's mission to the benefit of investors and our capital markets, and I am happy to answer any questions you may have.