**Crapo Statement at SEC Oversight Hearing**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following remarks during a full committee hearing entitled: “Oversight of the U.S. Securities and Exchange Commission.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today we will receive testimony from Securities and Exchange Commission Chairman Jay Clayton regarding the work and agenda of the SEC.

“Thank you, Chairman Clayton, for testifying today.

“Oversight of the SEC is a critical function of this Committee.

“The SEC has an important three part mission: Protect investors; Maintain fair, orderly, and efficient markets; and Facilitate capital formation.

“No one part of this mission is more important than the other.

“The SEC increases transparency and trust in the U.S. stock market, providing investors with the material information they need to make informed investment decisions.

“It also helps investors participate in our markets on fair footing so that they can prepare for important milestones in their lives, such as college, retirement, or other life-changing events.

“It is critical that the SEC continue its important work to fulfill this mission.

“At the same time, the SEC must be cognizant that its work may carry risks to the very markets and investors it seeks to help.

“I commend you for initiating an assessment of the SEC’s cybersecurity risk profile.

“The Commission accesses and stores a huge amount of public and nonpublic data.

“If this data were subject to a cyber-breach, it could have severe consequences to the markets, market participants and the American public.

“I was disturbed to learn that the SEC suffered a cyber-breach of its EDGAR system in 2016, but did not notify the public, or even all of its Commissioners, until it was discovered during your recent review.

“It is critical that the SEC safeguards the data it collects and maintains – especially as the consolidated audit trail, or CAT, becomes operational.

“Through the CAT, the SEC will have access to significant nonpublic market data and personal identifiable information – including individuals’ names, addresses, dates of birth, and social security numbers.

“The recent Equifax breach has highlighted the need to protect this sensitive and valuable information.

“We need to ensure that entities only collect this type of information if and when absolutely necessary – and if it is collected, that it is properly secured.

“I am glad to see that under your leadership, Chairman Clayton, the SEC is taking cybersecurity seriously.

“Other regulators and agencies should follow your lead and delineate their own cyber risk profiles and if breached, they too should disclose such events to Congress and the public.

“Cyber-attacks and breaches are a significant risk at all entities – both regulators and companies.

“As part of your work in the cybersecurity area, you should also review current cyber risk disclosure guidance to ensure that investors understand the magnitude and complexity of cyber risks at public companies.

“Along with your attention to cyber, I appreciate your focus on the standards of conduct for investment advisers and broker-dealers.

“The DOL fiduciary rule will limit investor choice, make investing more expensive for many Americans and ultimately hurt the ability for people to save for retirement.

“If clarification needs to be made about the standards of conduct for broker-dealers and investment advisers, I believe the SEC has the most expertise and is best positioned to establish a consistent standard for all investors.

“I also appreciate your focus and public discussions on the importance of encouraging capital formation.

“The capital markets are essential to helping companies grow, facilitating job growth, and ensuring that Americans have investment opportunities.

“I am interested in hearing your ideas of how we can encourage more companies to go public without discouraging the availability of capital in the private market.

“The Senate recently passed several bipartisan securities bills, and we would be interested in additional ways Congress can improve securities laws to help all Americans.

“I look forward to hearing your thoughts on these issues and the future agenda of the Commission.”

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