United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

April 8, 2020

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Clayton:

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in order to provide emergency assistance and support to individuals and businesses affected by the pandemic and economic downturn. Due to the unprecedented shutdown of businesses to prevent the spread of COVID-19, bold and dramatics steps are needed to limit the depth of the economic shock the country is currently experiencing and provide conditions for a quick and robust recovery once the economic restrictions are lifted.

I applaud the quick and decisive actions the SEC has taken in accordance with its mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation throughout the COVID-19 crisis. I commend the SEC for balancing the emergency responses to COVID-19 while continuing to maintain fundamental operations such as advancing rulemaking initiatives, conducting risk-based inspections, bringing enforcement actions, and reviewing issuer and fund filings.

Under Title IV of the CARES Act, banks and credit unions are now positioned to provide needed credit to help local businesses and consumers if prudential regulators take additional, decisive action to support and stabilize economic activity. I have asked the other financial regulators to look for more ways to strengthen the Paycheck Protection Program (PPP) and right-size regulations to promote lending. Yesterday, you urged companies in negotiations with the government to receive funds through CARES Act programs to immediately disclose any deals struck for financing. These disclosures are critical to preserving market integrity and allowing the more than 57 million American households invested in the U.S. capital markets to have an accurate understanding of the current and future plans of public companies in light of the COVID-19 crisis.

Due to the COVID-19 crisis, the SEC has used tools previously available to address the market volatility. For the first time since their adoption, 7 percent drops in the market from the previous day's closing price of the S&P 500 Index, triggered the use of Level 1 market-wide circuit breakers. Additionally, there have been a number of overnight stock futures have hit their "limit down" circuit breakers of 5 percent, resulting in a halt of all further downward trades. Despite the high levels of volatility, it is our understanding from talking with your staff that the current mechanisms are serving their intended purposes. We welcome continuing conversations with your staff regarding market volatility and efforts towards increased market stability.

Due to social distancing related to the Centers for Disease Control and Prevention's COVID-19 guidance, the SEC responded with immediately effective action to facilitate the temporary closure of physical trading floors. This unprecedented business continuity measure supported orderly trading on the markets, while helping to ensure the health and safety of market participants.

I commend the SEC for its enforcement actions swiftly taken during this crisis. The SEC's monitoring of markets for frauds, illicit schemes and other misconduct affecting U.S. investors related to COVID-19 is essential to maintaining the confidence of American investors.

While we have made much progress through passage of the CARES Act, more must be done to ensure the U.S. markets come back stronger, more liquid and more dynamic than ever following the COVID-19 crisis. Please quickly respond to this letter with additional steps or statutory changes the SEC needs in order to mitigate the economic impact of COVID-19.

Sincerely,

Mike Crapo

Mike Crapo
Chairman