

## **Crapo Statement at SEC Oversight Hearing**

*November 17, 2020*

**WASHINGTON** – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a remote hearing on “Oversight of 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.

“I thank you for your appearance before the Committee today, which is essential to our oversight of the SEC. Chairman Clayton, welcome.

“You last appeared before this Committee in December of last year.

“The COVID-19 pandemic hit the United States shortly after that hearing, and the SEC has taken many important steps to help limit the economic shock to our markets as governments have attempted to confront such an unprecedented event.

“The SEC used tools, such as the market-wide circuit breakers, for the first time since their adoption, when markets dropped 7 percent from the previous day’s closing price of the S&P 500 Index.

“There were a number of uses of “limit down” circuit breaks when overnight stock futures hit their 5 percent limit, which resulted in halting of all further downward trades.

“Despite the high levels of volatility, it is my understanding that the current mechanisms in place served their intended purposes of increasing market stability.

“Additionally, in order to comply with CDC guidance, you oversaw an unprecedented temporary closure of physical trading floors. This business continuity measure supported orderly trading, while ensuring the health and safety of market participants.

“The SEC has continuously pursued enforcement actions, including a number of actions against those seeking to take advantage of investors during this vulnerable time.

“Remarkably, all of this has been done while the SEC staff is working remotely.

“It is commendable that despite the COVID-19 disruptions, you have continued to advance the items on your regulatory agenda which are the result of many months, and sometimes years, of diligent staff work.

“The SEC finalized amendments to update and improve the definitions of ‘accredited investor’ and ‘qualified institutional buyer,’ which will now take into consideration

education and expertise, ultimately increasing investor participation in private offerings and expanding access to capital markets.

“The SEC recently modernized the exempt offering framework, which will be a lifeline to small and medium-sized companies navigating the previously complex system.

“These clear and concise rules will allow smaller companies to focus on getting their businesses back on track while improving the consistency of investor protections.

“Commissioner Roisman engaged investors and market participants in crafting modernized shareholder proposal thresholds and proxy voting rules.

“These modernizations no longer permit a small number of individuals with limited stakes to consume corporate boardrooms and will allow companies to better focus their efforts on COVID-19 recovery.

“The SEC improved the readability and streamlined the information collected for Regulation S-K disclosures. It had been more than 30 years since these disclosures had been reviewed.

“Last year, the SEC finalized a package of rulemakings including Regulation Best Interest, Form CRS Relationship Summary and two interpretations under the Advisers Act.

“Compliance with these rules began on June 30, 2020. Since June, the SEC has been reviewing firms’ compliance efforts and identifying additional areas for compliance improvements through a staff roundtable and other stakeholder engagement.

“Another modernization effort underway at the SEC is the creation of the Strategic Hub for Innovation and Financial Technology. This important initiative is critical in the inter-agency coordination and dissemination of information to the public regarding initial coin offerings and other cryptocurrency matters.

“Clearly, the SEC has been busy, and I commend you for balancing emergency COVID-19 responses while advancing critical rulemaking initiatives, risk-based inspections, enforcement actions and issuer and fund filings.

“I look forward to continuing to work with the SEC to ensure that the U.S. markets come back from the COVID-19 disruptions stronger, more liquid and more dynamic than ever.

“In closing, I also thank Chairman Clayton for his service and wish him the best of luck in his future endeavors as he departs the Commission in the coming weeks.

“The will and drive you brought to this job allowed you to bring about many significant improvements that were long overdue.

“I wish you the best of luck in your future endeavors and again, thank you for your service.”

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