

Crapo Statement at SEC Oversight Hearing
December 11, 2018

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 an oversight hearing with Securities and Exchange Commission (SEC) Chairman Jay Clayton.

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.

"Your appearance before the committee is essential to our oversight of the SEC. I thank you for your willingness to testify today.

"The SEC has a critical mission to protect investors; maintain fair, orderly and efficient markets; facilitate capital formation; and enforce securities laws.

"The SEC plays an important role in public confidence and trust in our nation's capital markets.

"It provides information to investors to ensure that as Americans prepare for their futures, they have the information necessary to make informed investment decisions.

"I commend the SEC for its continued work to advance these missions.

"Last week, this committee held a hearing to discuss the appropriate role of proxy advisory firms, the shareholder proposal process and the level of retail shareholder participation.

"Many members expressed interest in continuing the discussion on the appropriate relationship between proxy advisory firms and market participants as it relates to shareholder proposals and corporate governance.

"I am concerned about the misuse of the proxy voting process and other aspects of corporate governance to prioritize environmental, social or political agendas over the economic interests of end-investors.

"Last week, you stated your intent to address aspects of our proxy system, including proxy 'plumbing,' ownership and resubmission thresholds for shareholder proposals and proxy advisory firms.

"Many of the rules governing our proxy system have not been examined for decades, and I encourage the SEC to take an aggressive approach assessing the scope and appropriateness of previous regulatory actions.

“Capital markets are vital to facilitating job growth and expanding American investment opportunities.

“This committee worked hard in the 115th Congress to pass a number of bipartisan securities and capital formation bills.

“I will continue to work with members to identify additional legislative proposals that encourage capital formation, and reduce burdens for small businesses and communities.

“The SEC has also taken a number of steps this year to make it easier for emerging companies to go public while not discouraging the availability of capital in the private market.

“Additionally, this year the SEC proposed Regulation Best Interest and a related interpretation to establish standards of conduct for broker-dealers and investment advisers. This is a significant step forward, and I look forward to seeing a final rule in the near term.

“Finally, the SEC has been proactive in addressing cryptocurrencies and coin offerings.

“For example, the Enforcement Division created a new Cyber Unit this year, which led efforts to counter fraud against retail investors involved in initial coin offerings and brought charges against a bitcoin-denominated platform operating as an unregistered securities exchange.

“I look forward to receiving updates on these and other SEC initiatives, including your views on when we can expect final rules in these areas.”

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