



Consumer Federation of America

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Statement of CFA Director of Investor Protection Barbara Roper in Response to the SEC's Announcement that it had Signed a Mutual Recognition Agreement with Australia

This action shows a reckless disregard for the interests of American investors. The SEC has advanced this radical regulatory departure without first conducting a cost-benefit analysis, without setting clear standards for what constitutes "comparable" investor protection, without submitting those standards for public comment, and without offering any evidence that this regulatory approach is in the public interest.

The willingness of the SEC to sign this agreement in clear disregard for the serious concerns raised by Senate Securities Subcommittee Chairman Jack Reed suggests that this administration is more concerned with pushing through its radical regulatory agenda ahead of the November elections than with conducting the careful analysis that the proposal demands. Because this action has been taken without the proper consideration, we urge Congress to intervene to prevent the SEC from taking any further steps – either to approve exemptions under the mutual recognition agreements with Australia or to sign additional agreements – until it has conducted the analysis that should have preceded its actions.

In short, before proceeding any further, the SEC should be required to: conduct a cost-benefit analysis, develop clear standards for determining whether a country is eligible for mutual recognition, and submit those standards for public comment. If the mutual recognition approach survives that process, the SEC should then be required, before signing any additional recognition agreements, to offer concrete evidence that the country in question meets the agreed upon standards for recognition.

It is truly astounding that, in the midst of a financial crisis brought about by weak regulation, this administration continues to pursue an ideologically driven agenda without even the most cursory consideration of its likely effects on investor protection and market confidence.

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Consumer Federation of America (CFA) is a non-profit association of approximately 300 national, state, and local consumer groups. CFA was founded in 1968 to advance the consumer's interest through advocacy and education.