



Consumer Federation of America

May 16, 2013

Vote “No” on H.R. 1062 Bill Would Hamstring the SEC and Impede Financial Reform

Dear Representative:

I am writing on behalf of the Consumer Federation of America (CFA) to express our strong opposition to H.R. 1062, the “SEC Regulatory Accountability Act,” which is scheduled to come to the House floor for a vote tomorrow. H.R. 1062 is a regulatory “accountability” act only if you believe that the SEC’s primary accountability should be to the securities firms it is supposed to regulate rather than to the public it is supposed to protect. At a time when the agency is already years behind schedule in implementing rules to address root causes of the financial crisis, and months past key deadlines for JOBS Act implementation, this bill would further slow the already glacial regulatory process and further empower Wall Street interests to derail needed reforms.

H.R. 1062 fails its own cost-benefit test. To begin with, its sponsors have failed to identify a problem in need of a legislative solution. The SEC already conducts economic analyses of its rules and is held to a very high standard by the courts in conducting that analysis. When the agency fails to meet that standard, industry groups have had no trouble over-turning its rules in court. Moreover, since the court overturned the proxy access rule, the SEC has adopted a new set of guidelines to ensure that its analysis meets the rigorous standard set in that court ruling. Those guidelines have been praised by the Government Accountability Office and by members of the House who have in the past been most critical of the SEC’s cost-benefit analysis.

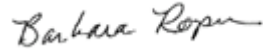
H.R. 1062’s sponsors also appear to have ignored the significant costs of its proposed approach. The Congressional Budget Office recently estimated that the bill would cost \$23 million to implement. But this considerable sum covers only the cost of conducting the required cost-benefit analysis. It does not appear to include the significant additional legal costs the agency would face if this bill were to become law. One of the primary effects of this legislation would be to provide a whole new set of tools that industry groups could use to mount a legal challenge against rules that they oppose. In addition to further slowing the regulatory process, this would impose significant additional costs on the agency that are not accounted for in the CBO estimate or acknowledged by the bill’s authors.

These costs would arise without providing additional benefits. Far from improving regulations, the most likely effect would be to further intimidate an agency that is already far too reluctant to stand up to powerful Wall Street interests. And, unless Congress were to appropriate

the additional funds needed to meet these costs, they would come at the expense of other important regulatory priorities – providing enhanced oversight of investment advisers, addressing market structure concerns, dealing with high frequency trading, or finalizing the Dodd-Frank and JOBS Act rules that are already so far behind schedule, to name just a few.

This is an ill-conceived bill that would make it more difficult for the SEC to fulfill its mandate to protect consumers, promote market integrity, and facilitate capital formation. We urge you to vote no on H.R. 1062.

Respectfully submitted,

A handwritten signature in cursive script that reads "Barbara Roper".

Barbara Roper
Director of Investor Protection