



Consumer Federation of America

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Statement of CFA Director of Investor Protection Barbara Roper In Response to SEC Announcement Regarding JOBS Act Rulemaking

The Securities and Exchange Commission is scheduled to take up its first major rulemaking under the JOBS Act at its meeting next Wednesday (August 22). The rule in question would implement the JOBS Act provision eliminating the ban on general solicitation and advertising in private offerings, a controversial provision of the bill that was strongly opposed by investor advocates. The Commission had planned to eliminate the ban through an interim or temporary rule without first providing an opportunity for public comment. That proposed circumvention of normal rulemaking procedures drew [protests](#) from current and former regulators, securities law scholars, and advocates for investors, workers and older Americans. In a major victory for investors, SEC Chairman confirmed earlier today that the Commission was changing course and would follow the traditional rulemaking procedures – proposing a rule and offering an opportunity for public comment – before lifting the solicitation ban.

CFA Director of Investor Protection Barbara Roper issued the following comment in response to the Commission action:

“We applaud Chairman Schapiro and the SEC Commissioners for their willingness to listen and respond to investors’ concerns. Ultimately, the final rules adopted will be the test of the Commission’s commitment to protecting investors and market integrity. But slowing down the process and allowing an opportunity for careful analysis and public comment is the first essential step toward producing a strong, pro-investor rule. We look forward to working with the Commission to ensure that the potential harm to investor is carefully considered as rules lifting the ban are crafted and that strong investor protections are incorporated into the final rule lifting the ban.

“The decision to follow standard rulemaking procedures is also the right decision to protect the reputation of the Commission and the integrity of the rulemaking process, though one for which Chairman Schapiro will doubtless take considerable political heat. Republicans in Congress and some ‘business-friendly’ Democrats have been beating up on the agency for months for supposedly not doing adequate economic analysis to support its rulemaking. Now many of those same members of Congress will doubtless criticize the agency and Chairman Schapiro personally for failing to move ahead with JOBS Act rulemaking in defiance of even the most minimal regulatory requirements. One can only imagine their howls of protest if the SEC proposed to follow a similarly abbreviated process when considering Dodd-Frank rules.

“We applaud Chairman Schapiro for having the courage to stand up to that political pressure and insist on a fair process. If the agency seizes this opportunity to adopt tough and effective rules, investors and the capital formation process alike will benefit from this decision.”

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The Consumer Federation of America is a non-profit association of some 280 national, state, and local pro-consumer organizations founded in 1968 to promote the consumer interest through research, education and advocacy. www.consumerfed.org