

Statement of Securities and Exchange Commission Chairman-Designate Mary Schapiro
January 13, 2009

Mr. Chairman, Senator Shelby, and members of the Committee – it is an honor to appear before you today as President-elect Obama’s nominee to serve as Chairman of the Securities and Exchange Commission.

I also want to thank Senator Reed for his very kind introduction, and all the members of the Committee and your staff who have been so generous with their time and advice during this confirmation process.

As Senator Reed mentioned, I grew up in New York a short train ride from Manhattan, but miles away from Wall Street. My father was a printer; my mother a librarian.

Like millions of families, my parents worked hard to save enough to buy a home, send their children to college, and have a secure retirement. They taught my siblings and me right from wrong – and that we could get ahead by working hard and playing by the rules.

Perhaps that’s why I’ve spent my career – at the SEC, CFTC, and most recently at FINRA – committed to building a financial regulatory system that protects investors and supports and strengthens free and fair markets.

We cannot underestimate the situation we are now in: the capital markets have collapsed; trillions of dollars of wealth have been lost; our economy is in recession; and investor confidence has been badly shaken. Middle-class families who were relying on that nest egg to pay to send a son or daughter to college or for a secure retirement now, don’t know where to turn.

There are many reasons for this crisis – and one of them is that our regulatory system has not kept pace with the markets and the needs of investors.

It is precisely during times like these that we need an SEC that is the investor’s advocate – that has the staff, the will and the resources necessary to move with great urgency to bring transparency and accountability to all corners of the marketplace, to vigorously prosecute those who have broken the law and cheated investors, and to modernize our country’s regulatory system to match the realities of today’s global, interdependent markets.

These urgent responsibilities would fill any agenda, but, Mr. Chairman, allow me to highlight a few of my top priorities.

First and foremost, if confirmed as Chairman, I will move aggressively to reinvigorate enforcement at the SEC. With investor confidence shaken, it is imperative that the SEC be given the resources and the support it needs to investigate and go after those who cut

corners, cheat investors, and break the law. As the first SEC Chairman, Joseph Kennedy, told the nation 75 years ago in explaining the agency's role, "The Commission will make war without quarter on any who sell securities by fraud or misrepresentation."¹

I look forward to working closely with you, Mr. Chairman, and the members of the Committee to ensure the SEC has the capability, to fulfill this critical mission – as well as to perform all of its other important duties.

Second, I want to re-engage the SEC with the people we serve, namely, investors. The investor community – from the largest pension fund to the family who has scrimped and saved in their 401(k) or 529 plan – needs to feel that they have someone on their side, that they can go to the SEC for advice, to seek redress, or to have their opinions heard.

Third, as I work to deepen the SEC's commitment to investor protection, transparency, accountability, and disclosure, I also want to ensure these commitments are preserved in any regulatory overhaul that may be undertaken.

Indeed, as a member of the President's Working Group on the Financial Markets, I hope I can offer its members, the Administration, and Congress both the benefits of my years as a regulator as well as the decades of experience the professionals at the SEC have in these areas.

The American people want and expect us to update the regulatory system that has failed them – and to prevent the kinds of abuses that have contributed to the economic crisis we now face. I assure you that I will always keep their concerns front and center.

Seventy-five years after the SEC was founded, the Commission finds itself in a situation where, once again, it must play a critical role in reviving our markets, bolstering investor confidence, and rejuvenating our economy.

I am under no illusion that this will be an easy job. There is a lot of work to be done – quickly and diligently – in the months ahead. But I look forward to this challenge, to helping the millions of investors who rely on strong markets and a strong economy, and to working with the professionals at the SEC and the members of this Committee.

To be entrusted with leading the SEC at this moment, would be a great honor, and I am grateful for your consideration.

Mr. Chairman, before closing I want to thank my husband, Chas, and our daughters Molly and Anna, for their support and understanding. They are here with me today.

Thank you, Mr. Chairman, and I am happy to answer any questions.

¹ Remarks to the National Press Club, 25 July 1934.