

**Opening Statement of Jay Clayton
Nominee for Chairman, Securities and Exchange Commission
Senate Committee on Banking, Housing and Urban Affairs
March 23, 2017**

Chairman Crapo, Ranking Member Brown, and Members of the Committee, I am honored to appear before you today as President Trump's nominee to Chair the Securities and Exchange Commission. I want to thank you and your staff for the time you have spent with me. I have enjoyed, and learned from, our meetings.

Our capital markets have far-reaching and profound effects for every American. Making sure our markets are fair, open, orderly, and efficient – and ensuring that investors are protected – is the fundamental responsibility of the SEC. If confirmed, I will take up this responsibility with energy and purpose. I pledge to work with my fellow Commissioners, the SEC Staff, this Committee, and the many others who support and defend our capital markets.

The importance of government service was instilled in me from a young age. Six weeks after I was born, my father shipped out to Vietnam as a Second Lieutenant and my mother, 20 at the time, and I moved to her childhood home in Lykens, Pennsylvania. We lived with her parents and her four younger brothers.

My grandfather, Pat Kerwin, the 8th and last child of coal miners, a small town lawyer, and perpetual public servant, both in title and action, took a strong interest in me. We were great friends for 20 years. Remarkably, for as far back as I can remember, he took me with him to township meetings, real estate closings, and estate auctions. Those experiences, much more Main Street than Wall Street, made a deep and lasting impression on me.

My parents, Kathi and Walt Clayton, are here today along with my youngest brother Andrew. I thank them for a lifetime of support.

When I entered the 9th grade, we moved as a family for the last time to Delaware County, Pennsylvania. I met new friends, mostly through sports. One of those friends, who has long been my best friend, is my wife Gretchen. We met 36 years ago and have been married for 25 years. I want to specifically thank Gretchen for her encouragement, love and support. We are also joined here today by our three children – Jasper, age 14, Wyatt, age 13, and Haley, age 12. As Chair of the SEC, I will be mindful of my responsibility to their generation.

During the course of my 20+ - year career as a transactional lawyer, it has been my privilege to work with leaders in the public and private sector, including on landmark transactions, such as the world's largest IPO, as well as important transactions during the dark days of the financial crisis. From my five years in Europe – where I worked on matters involving the laws and markets of no fewer than a dozen countries, including France, Sweden, Turkey, Switzerland, Italy, England, Greece and Germany – I learned that the world's capital markets are very interconnected and, more broadly, that America is, indeed, the greatest country.

My work has included counseling to a number of small private businesses and individuals. During my college and post-graduate years, my mother and father operated a small warehousing and logistics business. I worked with them on various projects, including lease negotiations, inventory system design and establishing a 401(k) plan for employees. There were ups and downs, and I learned first-hand the many challenges small- and medium-sized businesses face as well as their importance to our economy.

Based on all of my experiences, nationally and internationally and on Wall Street and Main Street, I firmly believe that:

(1) Well-functioning capital markets are important to every American;

(2) All Americans should have the opportunity to participate in, and benefit from, our capital markets on a fair basis, including being provided accurate information about what they are buying when they invest; and

(3) There is zero room for bad actors in our capital markets.

I am 100 percent committed to rooting out any fraud and shady practices in our financial system. I recognize that bad actors undermine the hard-earned confidence that is essential to the efficient operation of our capital markets. I pledge to you and the American people that I will show no favoritism to anyone.

One last comment: For over 70 years, the U.S. capital markets have been the envy of the world. Our markets have allowed our businesses to grow and create jobs. Our markets have provided a broad cross-section of America the opportunity to invest in that growth, including through pension funds and other retirement assets. In recent years, our markets have faced growing competition from abroad. U.S. - listed IPOs by non-U.S. companies have slowed dramatically. More significantly, it is clear that our public capital markets are less attractive to business than in the past. As a result, investment opportunities for Main Street investors are more limited.¹ Here, I see meaningful room for improvement. I am excited to work with you, my fellow Commissioners and the SEC staff to pursue those improvements and, in doing so, will always be vigilant to ensure that the Commission is steadfast in protecting investors.

Thank you for this opportunity. I look forward to receiving your advice and answering your questions.

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Today, the number of U.S.-listed public companies is down over 35 percent from 1997. In 1996, there were approximately 845 U.S. IPOs, while in 2016, there were approximately 128. See, e.g., Anne VanderMey, Fortune.com, *IPOs Are Dwindling, So Is the Number of Public Companies* (Jan. 20, 2017), available at <http://fortune.com/2017/01/20/public-companies-ipo-financial-markets/>. WilmerHale 2016 IPO Report (March 24, 2016), available at https://launch.wilmerhale.com/uploadedFiles/Shared_Content/Editorial/Publications/Documents/2016-WilmerHale-IPO-Report.pdf.