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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

August 27, 2020

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Clayton:

As I have written to you before, throughout your tenure as Chairman, you have continually strived to ensure that the U.S. capital markets are the deepest, most dynamic and liquid in the world. I commend the efforts the Securities and Exchange Commission (SEC) has undertaken during your time as Chairman that advance the SEC's mission to protect investors; maintain fair, orderly and efficient markets; and facilitate capital formation. Under your leadership, the SEC is overseeing the capital markets during an unprecedented global health pandemic, which requires quick and decisive actions. I commend the SEC for balancing emergency COVID-19 responses while still advancing important rulemaking initiatives, risk-based inspections, enforcement actions and issuer and fund filings.

The SEC has already accomplished a number of important final rules, particularly in the last year, after many months, and sometimes years, of research and careful consideration. The SEC's work on finalizing Regulation Best Interest struck the appropriate balance of increasing transparency in investor's relationships, while preserving access to advice relationships and investment products. After many roundtables and efforts led by Commissioner Roisman, the SEC finalized amendments and guidance to improve accuracy and transparency of proxy voting advice, which will increase confidence in the proxy process. The SEC's recent modernization of the "accredited investor" and "qualified institutional buyer" definitions increases investor participation in private offerings and expands access to capital markets. The SEC's finalization of Regulation S-K disclosures to improve their readability, as well as streamline the information collected was beyond ripe for action as the last time the SEC reviewed Regulation S-K disclosures was more than 30 years ago.

The items listed above are only a few highlights from your recent regulatory work. You have diligently tackled a number of difficult issues that modernize securities regulations to date and I encourage you not to let up on your ambitious fall agenda. The SEC's Spring 2020 Agency Rule List has a number of items in the final rule stage that are critical that the SEC complete in order to modernize U.S. capital markets. Finalizing the harmonization of exempt offerings will remove roadblocks for small businesses looking for capital, which is especially critical in light of the COVID-19 pandemic. I also encourage you to finalize efforts on shareholder proposal thresholds; the current rules have empowered a small number of individuals

with limited stakes to consume corporate boardrooms. This update is even more important as companies should be focusing their efforts on recovering from COVID-19 disruptions.

The SEC staff and Commissioners have done their due diligence on these outstanding regulatory items. It is now time to take action and remove unnecessary restrictions, modernize and right-size these rules and regulations to enhance the competitiveness of the U.S. markets. I appreciate your focus on these efforts and look forward to continuing to work together.

Sincerely,

A handwritten signature in blue ink that reads "Mike Crapo". The signature is written in a cursive, flowing style.

Mike Crapo
Chairman