

**Crapo Statement at SEC Oversight Hearing**  
*December 10, 2019*

**WASHINGTON** – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled “Oversight of the Securities and Exchange Commission.”

*The text of Chairman Crapo’s remarks, as prepared, is below.*

“Today we will receive testimony from Securities and Exchange Commission Chairman Jay Clayton regarding the work and agenda of the SEC.

“I thank you for your willingness to appear before the Committee today. Your willingness to testify is essential to our oversight of the SEC.

“The mission of the SEC is to protect investors; maintain fair, orderly and efficient markets; and facilitate capital formation.

“It plays a critical role in ensuring that our nation has capital markets that the public can have confidence and trust in.

“It provides information to investors so that as Americans prepare for their futures, they not only have a wide array of financial opportunities, but they also have the information necessary to make informed investment decisions.

“Chairman Clayton, you came before this Committee a year ago and assured us that you would continue to take steps to ensure that the U.S. capital markets remain the deepest, most dynamic and liquid in the world.

“I commend you and the SEC staff for the actions that have been taken over the past year.

“Actions worth mentioning include the SEC’s final rule package on Regulation Best Interest, which strikes the appropriate balance of increasing transparency in investors’ relationships, while preserving access to advice relationships and investment products.

“The SEC also proposed modifying the accelerated filer definition to reduce the number of registrants subject to the auditor attestation requirement. I encourage the Commission to move forward quickly in a way that provides relief to all smaller reporting companies.

“And, this summer the SEC issued a concept release seeking public comment on ways to harmonize the private securities offering exemption.

“Regarding the concept release: I encourage the SEC to revise Regulation D to allow for general solicitation and advertising by sponsors, such as angel investor groups; the SEC should consider expanding the ability for small businesses to crowdfund; the definition of an accredited investor should be expanded and modernized to account for qualifying expertise, not simply a monetary threshold; and it is important the SEC update the definition of a family office to allow family offices and their clients who meet certain thresholds to be considered ‘accredited investors.’

“This Committee has held a number of hearings during my chairmanship discussing the need for assessing the scope and appropriateness of the proxy voting process and other aspects of corporate governance.

“I commend the Commission for its actions related to the proxy process.

“In August, the SEC issued guidance to assist investment advisers in fulfilling their responsibilities when voting proxies on behalf of clients and clarified that proxy voting advice provided by proxy firms generally constitutes a solicitation.

“In November, after numerous roundtables and thoughtful efforts led by Commissioner Roisman, the SEC proposed two amendments to improve the accuracy and transparency of proxy voting advice and to modernize shareholder proposals.

“I encourage the SEC to continue moving forward with these efforts expeditiously following the comment period.

“This Committee recently held an oversight hearing on the Consolidated Audit Trail, or CAT. I have continued to express concerns regarding the personally identifiable information that is going to be collected in this consolidated database and how it will be protected.

“On October 16, 2019, the CAT plan participants wrote to the SEC to request to use a CAT Customer ID instead of receiving and storing Social Security Numbers in the CAT, and asked to store only year of birth and firm IDs instead of full dates of birth and individual account numbers.

“Chairman Clayton, you have previously expressed concerns about the information to be collected and stored in the CAT and stated that you believe the regulatory objectives of the CAT can be achieved without the most sensitive pieces of investor information. I encourage you to quickly process the request to use alternative approaches.

“Finally, the SEC has made modernization a focus this year, and I look forward to hearing about your Strategic Hub for Innovation and Financial Technology and how the SEC has been engaging with initial coin offerings and other cryptocurrency-related matters.

“I look forward to receiving updates on these and other SEC initiatives, including your views on when we can expect final rules in these areas.”

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