



PRESS RELEASE

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Committee Encouraged by SEC's Commitment to Help Small Business

WASHINGTON – Financial Services Committee Chairman Jeb Hensarling (R-TX) delivered the following opening statement at today's hearing to review the Securities and Exchange Commission's agenda, operations and budget:

This morning we welcome Securities and Exchange Commission Chairman Jay Clayton for his first appearance before the committee. It has been almost a year since an SEC Chair appeared before the committee and I want to take this time to applaud you, Chairman Clayton, for a number of changes that you have made in your brief tenure.

Under the previous administration, the SEC failed to develop a capital formation agenda and did very little to promote it beyond what Congress required in the JOBS Act.

This committee is extremely encouraged by the SEC's renewed commitment, under your leadership, to facilitate capital formation to help small businesses access the capital they need to innovate, grow and provide economic opportunities for all Americans.

We also appreciate the public comments you made on the need to reverse the trend of declining Initial Public Offerings and the SEC's announcement that confidential IPO filings would be open to all companies, a provision that the House passed as part of the Financial CHOICE Act.

The SEC should also continue to explore ways to simplify its disclosure regime and return to the concept of materiality. The securities laws are not the appropriate avenue to pursue ideological and political agendas that have nothing to do with the SEC's mission and can only harm economic opportunity and growth.

Under the previous administration, the SEC dropped the ball on the fiduciary rule and allowed the Department of Labor to insert itself into the SEC's jurisdiction. Surely, this must be reversed.

And as I continue to watch our national debt clock spinning out of control, it is with deep gratitude that – at least I think for the first time since I have served on this committee, and after its budget has seen an increase of more than 325 percent since 2000 – the SEC did not seek a budget increase for FY 2018. Congratulations: it is a welcome change for hardworking taxavers. I do understand the SEC will

request more funding for cybersecurity in FY 2019 for obvious reasons and this brings me to my next point.

The committee has serious questions regarding cybersecurity controls at the SEC. The recent announcement that the SEC's Electronic Data Gathering Analysis and Retrieval system known as EDGAR had not only been hacked in 2016, but that nonpublic information may also have been used to facilitate illicit trading. This is very, very troubling. Even more troubling is that Congress and the public were not informed until September 2017.

Chairman Clayton, we know that this breach did not happen on your watch, but you are the one who has to fix it. Given the recent Equifax breach and this breach, the committee has serious concerns about the rapidly approaching November 15th implementation date for the Consolidated Audit Trail.

With the Consolidated Audit Trail serving as a central repository for order and trading activity data, I urge the SEC, again, to delay its implementation date until the Commission can ensure that the appropriate safeguards and internal controls are in place to protect this data. To echo what your colleague Commissioner Piwowar said, the SEC has only one chance to get this right, please make sure you do.

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Sent from the Committee on Financial Services

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