

Speech

Remarks at Meeting of the SEC Investor Advisory Committee



Commissioner Hester M. Peirce

Washington D.C.

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Good morning and thank you Christopher [Mirabile] and good morning to all of you as we meet for this first Investor Advisory Committee (“IAC”) meeting of 2023. As always, I am grateful for your willingness to take so much time out of your busy lives to serve on the IAC.

Before I offer some brief remarks on today’s agenda, I want to welcome Cristina Martin Firvida to her first IAC meeting as the Commission’s new Investor Advocate. Cristina comes to us after many years working in the non-profit sector, most recently at AARP, where she was the Vice President overseeing Financial Security and Livable Communities. When you speak with Cristina, you can hear the excitement and passion she has for her new role. Cristina is committed to investor protection and education, and in our conversations I can tell that she is also someone who appreciates the dynamism of our capital markets and their capacity to transform lives. I look forward to working with her.

Today’s agenda features three panels, all of which should spark fascinating discussions. I hope there will be time for a lot of questions from and conversations among Committee members. The first panel will examine the growth of private markets relative to public markets. Companies choose to remain private for numerous reasons, many of which have little to do with Commission policy. We should preserve companies’ ability to choose to stay private. But we must face the fact that as the Commission piles rule upon rule, creating costs and liabilities that are not justified by the benefits, we play a central role in dampening any desire a private company may have to go public. Rather than looking at ways to place public-company-like burdens on private companies, the Commission needs to think about rationalizing the requirements faced by public companies. I hope that the IAC will help us do that.

The second panel is equally topical and deals with the steady expansion in the number of registered investment advisers. Determining how best to deploy the Division of Examination’s never-enough resources is a yearly challenge. Our Exams staff is the face of the Commission, and we need to figure out how best to support them in their work.

I am particularly interested in hearing what the experts on today’s third panel have to say about the Commission’s recently proposed swing pricing and liquidity risk management rule. I voted against the proposal, in part, because of the all-too-real prospect of severely damaging one of the primary engines of wealth creation and prosperity for millions of American investors. If finalized, this rulemaking would fundamentally alter how retail investors interact

with mutual funds and could drive many otherwise satisfied investors to abandon mutual funds altogether. A thorough exploration of this regulatory initiative will inform the Commission's next steps.

Following these panel discussions, the Committee will offer a series of recommendations concerning the adequacy of current rules and practices involving securities account statements. While I may not agree with each of the nine recommendations, I generally am supportive of efforts to enhance the utility and value of account statements in helping investors make informed decisions. I just hope that the thirty minutes allotted for public discussion of these recommendations will be sufficient. Among many other important issues, I would like the discussion to include consideration of three related issues:

- Recommendation 9 advocates a paper default for account statement delivery. This recommendation seems anachronistic.
- More generally, I would like to encourage firms to experiment with electronic delivery methods that facilitate greater investor understanding of the information. Doing so will be easier absent a paper-delivery mandate.
- A third issue for your consideration is how we can achieve greater consistency across firms' account statements without impinging on firms' ability to develop effective and unique ways of presenting information.

Thank you again to all who have made today's meeting possible, with special thanks to Cristina, Marc Sharma, Adam Anicich and the Commission's wonderful IT staff.