January 20, 2010

The Honorable Christopher J. Dodd, Chairman
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard C. Shelby, Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles E. Schumer, Member
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo, Member
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Dodd, Ranking Member Shelby, Senator Schumer, and Senator Crapo:

We the undersigned investors and market participants support regulatory reform that maintains the SEC as the primary regulator of the capital markets and provides the Commission with the resources necessary to fulfill its mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

The SEC was formed in the midst of the Great Depression to address one of the root causes of that crisis – unregulated capital markets. Today, the Commission’s mission remains as critical to the functioning of our economy and advancement of the public interest as it was then. Perhaps even more so. We strongly encourage Congress to ensure that the Commission’s role in our regulatory system is strengthened, not diminished, and that it be given the resources it needs to fulfill its critical mission.

It is clear that the SEC’s funding has not kept pace with the explosive growth of US securities markets over the past two decades. Today, the agency monitors 30,000 entities, including more than 11,000 investment advisers, up 32 percent in only the last four years. Even so, in the three years from 2005 to 2007, the SEC’s budgets were flat or declining.

In order to safeguard investors and US capital markets, the SEC must have stable, independent self-funding that meets its needs. A self-funding mechanism would ensure that the Commission has the necessary resources to hire staff with deep knowledge of the markets and securities, develop a robust technology program, and address the regulatory imperatives resulting from rapid market changes and financial innovation. Self-funding would also allow the Commission to engage in more predictable long-term planning.

Today the SEC is one of the few financial regulatory bodies lacking a self-funding mechanism. The undersigned believe that self-funding for the SEC is in the best interests of the tens of millions of individuals investing in US capital markets in an effort to save for critical needs such as their retirement and their children’s educations. It is also in the best interests of the hundreds of millions of individuals that are affected by activity in the capital markets, and by the activities of issuers, whether they invest or not.

Regardless of the Commission's funding mechanism, Congressional oversight of the SEC remains critical, through its general oversight of the SEC and its specific role in providing advice and consent regarding nominees to lead the Commission. Congress should continue to encourage vigorous regulation and appropriate resource allocation at the SEC to ensure that the Commission is addressing both the continuing and emerging systemic risks to our economy and society posed by the capital markets.

Sincerely,

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Executive Director
CIBC Centre for Corporate Governance and Risk Management
Segal Graduate School of Business

Mark Anson
President and Executive Director of Investment Services
Nuveen Investments

Laura Berry
Executive Director
Interfaith Center on Corporate Responsibility

Jeff Brown
Senior Vice President, Legislative and Regulatory Affairs
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President and Founder
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