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**May 15, 2013**

**Via Email**

**Members of the California Delegation  
US House of Representatives  
Washington, DC 20515**

**Subject: CalPERS Concerns with HR 1062**

**Dear Members of Congress:**

**On behalf of the California Public Employees' Retirement System (CalPERS), I am writing to express our strong concerns about the "SEC Regulatory Accountability Act" (HR 1062).**

**As the largest public pension fund in the United States, with approximately \$265 billion in global assets providing retirement security to more than 1.6 million public workers, retirees, their families, and beneficiaries, CalPERS is reliant upon effective and comprehensive market regulation designed to protect investors.**

**This legislation would threaten the efficient implementation of many important financial regulatory rules by imposing unnecessary requirements upon the Securities and Exchange Commission (Commission).**

**Although the Commission is already required to conduct economic analysis on every rule it adopts and to examine the effect of its rulemakings on capital formation, market efficiency, and competition, HR 1062 would create additional hurdles for the Commission. These include a requirement to analyze the costs and benefits of all "available regulatory alternatives" in addition to those of the underlying rule. This could require scores of additional, unnecessary economic analyses on hypothetical alternatives that are not before the Commission.**

**The proposed legislation would require the Commission to determine whether a regulation imposes the 'least burden possible' among all possible regulatory options – a virtual impossibility that would open up the Commission to legal challenges and competing economic analyses. Moreover, HR 1062 would require the Commission to**

Members of the California Delegation

May 15, 2013

Page 2

defend every estimate and assumption before the DC Circuit and a failure to satisfy even one tangential analysis would threaten the validity of an otherwise reasonable regulation.

We fear the requirement to create a myriad of new economic analyses is intended to derail the efforts of the Commission to implement important legislation like the Dodd-Frank Wall Street Reform and Consumer Protection Act while its opponents continue to attempt to repeal or significantly water down important investor protections.

To be clear, long-term investors like CalPERS benefit from a strong economy and understand the motivations of those who say that excessive regulation can impose a drag on the economy. However, we believe that having a robust financial regulatory system helps create confidence in our financial markets and encourages investments that help grow the economy.

Thank you for your consideration. If you have any questions, please do not hesitate to contact me at (916) 795-9672 ([anne\\_simpson@calpers.ca.gov](mailto:anne_simpson@calpers.ca.gov)) or Don Marlais of Lussier, Gregor, Vienna & Associates – our federal representatives – at (703) 888-4522 ([dmarlais@lgva.net](mailto:dmarlais@lgva.net)).

Sincerely,



ANNE SIMPSON  
Senior Portfolio Manager  
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Director of Global Governance