August 29, 2025

The Honorable Tom Cole
Chair
House Appropriations Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Rosa DeLauro
Ranking Member
House Appropriations Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Dave Joyce
Chair
House Appropriations Financial Services
and General Government Subcommittee
United States House of Representatives
Washington, D.C. 20515

The Honorable Steny Hoyer
Ranking Member
House Appropriations Financial Services
and General Government Subcommittee
United States House of Representatives
Washington, D.C. 20515

Dear Chair Cole, Ranking Member DeLauro, Chair Joyce, and Ranking Member Hoyer:

Americans for Financial Reform (AFR), a nonpartisan and nonprofit organization founded by a coalition of more than 200 civil rights, consumer, labor, investor, faith-based, and civic and community groups, writes to express grave concerns with the proposed Fiscal Year 2026 (FY26) Financial Services and General Government appropriations legislation. Provisions within this legislation threaten to undermine investor protections, erode our nation's financial health, and hamstring the ability for independent federal financial regulators to oversee the financial system and enforce federal law—all to the benefit of Wall Street insiders. We respectfully urge the Committee to remove all of these harmful provisions.

Securities and Exchange Commission: Several provisions in the FY26 draft would restrict the ability of the Securities and Exchange Commission (SEC) to fulfil its mandate to protect investors and maintain fair, orderly, and efficient markets. The legislation would reduce the appropriated funding available to the SEC by roughly $174 million relative to FY2025, leaving the SEC with $122 million less funding than its FY2026 request.

Section 530 would expand the exemptions that would make it easier to raise capital in opaque and deregulated private markets to the detriment of investors and the integrity of public markets.

The language would block the SEC's ability to develop, promulgate, finalize, implement, or enforce rulemaking that would, directly or indirectly, create new disclosure requirements under Regulation D or lower the amount of money an issuer can raise through Regulation D. Regulation D allows certain companies to offer and sell securities without having to register the offering with the SEC. This provision would prevent the SEC from effectively overseeing the ever-growing private markets and limit transparency and critical information for investors to understand the products and risks associated with investments in private markets that are rife with fraud. By tying the SEC's hands to develop potential disclosure requirements related to Regulation D disclosures, this legislation would embolden private funds to continue to operate opaquely, with small investors and workers saving for retirement taking on excessive illiquidity, unknown risks, and high fees that threaten to eliminate their retirement savings. We respectfully request the Committee remove this language from the legislation.

Section 528 would effectively halt the implementation of the SEC's Consolidated Audit Trail (CAT). The CAT represents the first comprehensive data system to record all securities trading and make it easier to detect market manipulation, insider trading, and other illegitimate trading practices. Concerns about the presence of personally identifiable information in the CAT are a red herring. All of the information obtained by regulators as part of the CAT has long been collected by regulators, but not organized in a useful way. The very purpose of the CAT is to enable regulators to detect and deter market manipulation, insider trading, and other abusive practices. That requires knowing who is making trades—not just what trades occurred. Without the ability to connect trading activity to specific accounts and individuals, the CAT would be reduced to a technical ledger rather than the comprehensive surveillance tool Congress itself mandated after the Flash Crash and other systemic events. What truly matters is not whether the CAT contains PII, but how that information is protected and governed. Appropriate safeguards—including strict access controls, encryption, audit trails, and legal penalties for misuse—are the right solution, not stripping away the data that makes the system effective. Regulators cannot police manipulation in modern, fragmented markets without tying trades back to actual actors. In short, the inclusion of this information is not a flaw, but a necessary feature—so long as it is paired with rigorous data security and oversight. A functioning CAT is needed to provide a clear picture of the securities market activity and health, and to go after criminals who break securities laws. Restricting the SEC's ability to operate the CAT would significantly limit the ability for the principal regulator of the U.S. securities market to fulfil its mission. We respectfully request the Committee remove this language from the legislation.

Section 531 would block the implementation and enforcement of the SEC's final rule "Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure." This rule requires public companies to disclose key information related to cybersecurity risks to investors in a consistent and timely manner. This rule includes requiring public companies to disclose material cybersecurity incidents they have experienced. Preventing the SEC from implementing

or enforcing this rule would imperil investors by restricting their ability to obtain necessary information to make informed investment decisions. This information also helps protect broader security and market stability. We respectfully request the Committee remove this language from the legislation.

Section 634 would block the SEC from finalizing, issuing, or implementing any rule, regulation, or order regarding the disclosure of political contributions, contributions to tax exempt organizations, or dues paid to trade associations. This rider enables public companies to keep investors and the public in the dark about rampant corporate political spending. It hampers shareholders' ability to determine whether corporate political spending is consistent with their interests. We respectfully request the Committee remove this language from the legislation.

Section 529 holds the funding for the Financial Accounting Standards Board (FASB) hostage until FASB withdraws the Accounting Standards Update on Income Tax Disclosures issued in December 2023. This rule will substantially improve how companies report their income taxes on financial statements, reflecting income taxes paid across jurisdictions, as well as the difference between their effective tax rates and the domestic statutory tax rate. Such disclosures dramatically improve the availability of critical information for investors, policymakers, and the general public. Using the appropriations process to try to nullify a rule undermines the regulatory process. We respectfully request the Committee remove this language from the legislation.

Section 134 would block the Department of the Treasury from establishing an advisory committee on any environmental, social, or governance matter. This language serves as part of the ongoing, misguided effort to limit access to key information investors and regulators need to assess all relevant risks and opportunities effectively. We respectfully request the Committee remove this language from the legislation.

Section 753 would block the Thrift Savings Plan (TSP) from investing in certain mutual funds that make investment decisions based primarily on environmental, social, or governance criteria. The TSP is the retirement savings program for federal employees and impacts the retirement savings of millions of former and current federal workers. Barring the ability for the TSP to invest in these types of funds is not about sound investment policies but instead about an attempt to force the plan to ignore key financial risk factors. We respectfully request the Committee remove this language from the legislation.

Cryptocurrency provisions: We further have concerns about provisions in this legislation that would further embed cryptocurrency in the financial mainstream without the necessary protections and guardrails to safeguard the public and the financial system from the risks associated with these highly volatile digital assets.

Section 130 would ban the Department of the Treasury from advising or participating in the design, construction, or development of a United States Central Bank Digital Currency or participate in any decision to discontinue circulation or use of paper currency as legal tender in the United States. This provision would bar the ability for federal regulators to explore or pursue non-blockchain based digital currencies that offer greater financial security, privacy protections, and potential for financial inclusion, and could undermine deployment of public banking-style services such as Fed Accounts as well. This provision could also sow distrust in public banking services that could otherwise benefit individuals and communities that lack access to basic financial services. The main beneficiaries of this provision would be private issuers of cryptocurrencies who would seek to fill this void, despite the myriad risks, including privacy and fraud risks, these assets pose to consumers, investors, and the financial system. We respectfully request the Committee remove this language from the legislation.

Section 137 would require the Treasury Department to create a report on the practicability of establishing a Strategic Bitcoin Reserve and U.S. Digital Asset Stockpile within 90 days of enactment of this legislation. This provision advances one of the cryptocurrency industry's key political agenda items and would likely fail to provide thorough information needed for lawmakers and policy makers to consider the risks and threats to our economy. Cryptocurrency reserves are dubious, ill-conceived, and risky initiatives that would waste taxpayer money on volatile and insecure crypto assets that would only benefit the industry and provide no meaningful benefit to the public. We respectfully request the Committee remove this language from the legislation.

Internal Revenue Service: Additionally, we raise concerns about the funding levels available for enforcement for the Internal Revenue Service (IRS). The proposed funding level in this bill is $600 million less than the IRS requested in their Fiscal Year 2026 budget request. IRS enforcement is critical to facilitating compliance with federal tax law and investigating and prosecuting tax cheats who are not paying their fair share of taxes. Without an effective, well resourced enforcement division, the IRS' ability to recoup unpaid taxes from tax cheats is significantly weakened, impacting the amount of tax revenue collected by the agency, which in turn undermines the overall federal funding available for key services. We respectfully request the Committee increase the funding level for the IRS' enforcement division to meet its requested amount for Fiscal Year 2026.

Section 113 would block the ability of the IRS to develop or provide taxpayers the ability to directly file their taxes through a free, public electronic return-filing service without explicit approval from Congress. This would prevent the IRS from providing a free service that eliminates the need for people to rely on private companies and service providers to file annual tax returns even though it is tasked with providing taskpayers top quality service, including helping them understand and meet their tax responsibilities.. This provision will subjugate the

agency's ability f to offer services within its regulatory mandate, ultimately raising costs for law-abiding taxpayers, especially lower-income families. We respectfully request the Committee remove this language from the legislation.

Other provisions: Several other provisions in the FY26 draft would constrain federal agencies from enforcing statutory obligations related to insurance oversight and systemic risk, antitrust, and civil rights and fair lending laws.

Section 133 would prohibit the Federal Insurance Office (FIO) from using appropriated funds "to implement, administer, or enforce subsection (e)(6) of section 313 of title 31, United States Code" and for the Office of Financial Research (OFR) to "implement, administer, or enforce section 5343(f) of title 12, United States Code." This provision would effectively block FIO and OFR from obtaining critical data needed to understand the systemic threats to insurance markets and the broader financial system. The data that these agencies collect, analyze, and disseminate is used by financial regulators, financial institutions, and the public to monitor and manage financial risk. With property insurance markets currently in crisis, this prohibition could jeopardize FIO and OFR's ability to monitor trends (e.g., rising insurance rates and retreat by insurers) which would deprive millions of households of the ability to understand and manage their rising housing costs and risks.We respectfully request the Committee remove this language from the legislation.

Section 514 would reverse the finalized pre-merger notification rules accepted by the current administration that are necessary for antitrust regulators to evaluate the potential harms to competition and the market from large, sequential, or otherwise anticompetitive mergers and are necessary to enforce the Clayton Act's prohibition on mergers that substantially reduce competition or tend to create a monopoly. These provisions are essential to address serial, roll-up mergers that fall below the Hart-Scott-Rodino threshold and have allowed firms, including private equity firms, to amass monopolies without antitrust scrutiny. We respectfully request the Committee remove this language from the legislation.

Section 515 would reverse the Federal Trade Commission's (FTC) prior approval provisions in merger orders that requires the FTC to affirmatively approve mergers before the parties can close the proposed transaction in accordance with the Clayton Act. The 2021 order restored the longstanding requirement that the FTC make determinations on proposed mergers and will reduce the number of facially anticompetitive mergers, shepherd FTC resources, and detect the anticompetitive effects of smaller mergers. We respectfully request the Committee remove this language from the legislation.

Section 513 would prevent the FTC from implementing, administering, or enforcing any rule that defined or described unfair competition, severely constraining the ability of the FTC to

protect consumers, competitors, or the market from unfair or deceptive practices. This overly-broad provision would effectively handcuff the FTC and eviscerate the Federal Trade Commission Act. We respectfully request the Committee remove this language from the legislation.

Section 511 would block the FTC from finalizing or enforcing the ‘‘Trade Regulation on the Use of Earnings Claims’’ or the ‘‘Review of the Business Opportunity Rule’’ rulemakings that would strengthen enforcement, consumer protection, and redress from the widespread fraudulent and deceptive practices in the multi-level marketing and business coaching industries which falsely promote deceptive earnings potentials that cause significant financial and other harm to consumers. We respectfully request the Committee remove this language from the legislation.

Section 537 would constrain the Consumer Financial Protection Bureau's implementation of the Dodd-Frank statutory requirement that lenders compile and maintain data about their small business and farm lending. This commonsense measure has languished for fifteen years and will provide much needed information and transparency for lenders, communities, and local governments to identify small business and farm credit needs and enforce civil rights and fair lending laws. We respectfully request the Committee remove this language from the legislation.

This Committee has the opportunity to share with the public key priorities to address gross inequities and threats within the financial system and strengthen protections for communities, workers saving for retirement, and everyday people. This legislation unfortunately falls far short of delivering for the public and instead includes key provisions that advance the agendas of billionaires and Wall Street. We urge the Committee to revise the bill text, eliminate the dangerous provisions that threaten to undermine financial health and stability, and prioritize the needs of people in the FY26 Financial Services and General Government appropriations legislation.

Respectfully submitted,
Americans for Financial Reform