**Statement for the Record**
*On Behalf of*
**Americans for Financial Reform**
*to the*
**Senate Committee on Banking, Housing, and Urban Development**
**"Empowering Main Street by Unlocking Access to Capital"**
**August 6, 2026**

Dear Chair Scott, Ranking Member Warren, and Members of the Committee:

Americans for Financial Reform (AFR) appreciates the opportunity to provide a Statement for the Record for the Senate Committee on Banking, Housing, and Urban Development hearing on "Empowering Main Street by Unlocking Access to Capital." AFR is a nonpartisan, nonprofit organization founded when more than 200 civil rights, labor, consumer, community-based, faith, business, and other organizations came together to create an effective public interest voice on banking, finance and financialization. Formed in the wake of the 2008 economic crisis, we convene and lead a set of interlocking coalitions that work to transform the financial system so that it serves an equitable and sustainable economy.

We write today with grave concerns about the direction of capital markets regulation and some of the legislation that has been raised by the Committee and its Members. The size, liquidity, and strength of U.S. capital markets—and their contribution to economic growth—have been built on, not despite, a robust framework of federal and state securities laws that protects investors and sustains confidence in the markets.. Congress intentionally centered investor protections as a focal point of the Securities and Exchange Commission's (SEC) mission. Yet at this moment, we are witnessing a concerted effort to weaken federal securities laws and expand exemptions, which threaten to undermine the stability and health of the capital markets, imperiling the retirement security of millions of people.

We are particularly concerned about the ongoing politicization of financial regulators. Agency leadership is pursuing deregulatory agendas, often with blatant disregard for the risks and consequences to investor protection and financial stability. In just May 2026, the SEC issued four releases that would make public companies dramatically more opaque and unaccountable. The four proposals together propose to permit semiannual in lieu of mandatory quarterly reporting;[1] collapse the filer status framework so that over 80 percent of public companies would be exempted from many critical disclosures and other requirements;[2] fundamentally restructure the registered offering process;[3] and rescind the climate-related disclosure rule.[4] If finalized, these rules would increase the

[1] Securities and Exchange Commission. "SEC Proposes Amendments to Permit Optional Semiannual Reporting by Public Companies." May 5, 2026.
[2] Securities and Exchange Commission. "SEC Proposes Transformative Reforms to Help Public Companies Conduct Registered Offerings and Simplify Reporting Requirements." May 19, 2026.
[3] *Id.*
[4] Securities and Exchange Commission. "SEC Proposes Rescission of Climate-Related Disclosure Rules." May 29, 2026.

incidence of fraud, harm investors, make markets less fair and efficient, and increase the cost of capital. Americans for Financial Reform Education Fund and allies have opposed these proposals.[5] The SEC is making these proposals in the broader context of the erosion of the passive investment infrastructure's ability to protect the millions of retirees, workers, and their families who invest their hard-earned money in low-cost index funds to secure a dignified retirement and meet other financial goals.[6] This is important because an estimated 33.5 percent of the U.S. stock market is passively owned.[7]

Additionally, regulators are being starved of critical funding and resources to effectively act on their oversight missions, leaving financial institutions and corporations to operate in an environment that implies bad actors will face no real consequences for lawbreaking. Enforcement cases have been dropped, settlements overturned, and the regulatory role these agencies play has shifted to being largely subservient to the entities they are supposed to regulate. The whole of these deregulatory efforts is more dangerous than the sum of their deregulatory parts, and these capital formation legislative proposals only make these risks more acute.

It would be deeply harmful for Members of Congress to advance deregulatory legislation that would further shield financial institutions and corporations from being accountable when they violate the law, as well as undermine investor protections. While many proposals within Congress purport to be prioritizing capital formation, in reality, these proposals would tilt the scales in favor of corporations, Wall Street insiders, and private funds. Several legislative proposals before Congress include efforts that would make it easier for entities to raise money in private or shadow capital markets. Other pieces of legislation would make it easier to market riskier, less transparent products to a broader pool of investors, including retail investors least able to bear losses they would be exposed to through these products and funds. Another set of proposals would reduce disclosure requirements that investors rely on to make their investment decisions as well as undermine shareholder rights.

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[5] Americans for Financial Reform Education Fund et al. Comment Letter on SEC Semiannual Reporting Proposal. File No. S7-2026-15. July 6, 2026; Americans for Financial Reform Education Fund et al. Comment Letter on SEC Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies Proposal. File No. S7-2026-18. June 20, 2026; Americans for Financial Reform Education Fund. Comment Letter on SEC Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies Proposal. File No. S7-2026-18. June 20, 2026; Americans for Financial Reform Education Fund. Comment Letter on SEC Registered Offering Reform Proposal. File No. S7-2026-17. June 17, 2026; Americans for Financial Reform Education Fund et al. Comment Letter on SEC Rescission of Climate-Related Disclosure Rules Proposal. File No. S7-2026-19. August 3, 2026; Americans for Financial Reform Education Fund et al. Comment Letter on SEC Rescission of Climate-Related Disclosure Rules Proposal. File No. S7-2026-19. August 3, 2026.

[6] Renta, Natalia. Americans for Financial Reform. Testimony Before the House Financial Services Committee Subcommittee on Capital Markets "From Wall Street To Main Street: The Future Of How America Invests." June 25, 2026.

[7] Chinco, Alex and Marco Sammon. "The Passive Ownership Share Is Double What You Think It Is." Journal of Financial Economics. July 2024.

AFR along with labor unions, investor advocates, and other advocacy groups[8] have expressed opposition to deregulatory capital markets legislation which:

- Expands private markets by widening the exemptions to securities laws and investor protections products and funds must provide;
- Expands private markets by weakening the accredited investor definition and lower disclosures;
- Weakens public market integrity by expanding and entrenching reduced disclosure regimes, and lowering the bar for raising capital in public markets.

These approaches to securities regulation and legislation undermine the health and stability of our securities markets and weaken critical investor protections and disclosures needed for investors, including people saving for retirement, to make informed decisions and understand the risks they are taking. The combined impact of these proposals would be a dangerous deregulation of capital markets that would risk the retirement savings of millions of families while enriching the financial investment industry and companies looking to raise money with lower levels of transparency and accountability. This approach would also expose more people to inappropriate risks and opaque investment products and practices under the guise of opportunity. We urge Senators to reject this legislative approach.

The Trump administration is undermining the independence of financial regulators at the same time that SEC Chair Paul Atkins is pursuing a deregulatory agenda that prioritizes the demands of the financial services industry and corporations over the public interest. This effort aligns closely with the Project 2025 blueprint to erode investor protections and limit the efficacy of SEC oversight. Congressional consideration and support for similar deregulatory proposals would greenlight an approach to securities regulation that will harm investors and undermine the health and stability of our securities markets. Advancing deregulatory securities legislation would have broad repercussions: people across the nation would watch their retirement savings evaporate while private equity barons, Wall Street insiders, and billionaires grow wealthier from fees and predatory investment practices.

We urge Members to stand up for investor protections, retirement security, and effective, robust regulations of the securities market.

Thank you for your consideration,
Americans for Financial Reform

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[8] *See*, Letter by AFL-CIO, AFR, AFSCME, AFT, CWA, Consumer Action, Consumer Federation of America, International Association of Machinists & Aerospace Workers (IAM), National Education Association, National Nurses United, Public Citizen, SEIU, The Academy of Financial Education, and UAW. RE: Oppose H.R. 3383, the Increasing Investor Opportunities Act (INVEST Act). December 10, 2025.