



May 15, 2013

Dear Representative:

This week, the House of Representatives will consider H.R. 1062, the “SEC Regulatory Accountability Act.” On behalf of AARP, I am again writing to express our opposition to this legislation. H.R. 1062 would tie the hands of the Securities and Exchange Commission (SEC) in its efforts to ensure the integrity of the financial marketplace and to protect investors from fraud and abuse. It would jeopardize the implementation of many important rules, including those required under the Dodd-Frank Act and the JOBS Act, by adding cumbersome new procedural requirements that would impede the agency’s ability to act.

The legislation prohibits the SEC from proposing or adopting any rulemakings unless it makes “a reasoned determination that the benefits of the intended regulation or order justify the costs,” while effectively weighting the analysis in favor of the market over investors. By imposing severe burdens on the SEC’s cost-benefit analysis, the legislation drastically undermines the ability of the SEC to carry out its regulatory functions, and makes it difficult to protect investors even when the agency has identified practices that harm them. The bill also increases operating costs for the agency without increasing its budget, thereby forcing it to divert funds from other functions, such as enforcement. In fact, the Congressional Budget Office (CBO) estimates that the legislation would cost the agency \$23 million over five years and require the hiring of 20 additional staff.

The SEC already is required to conduct a cost-benefit analysis for each rulemaking it undertakes, and courts are enforcing a very high standard on those analyses. The bill enumerates new factors for the SEC to consider in its economic analysis, each of which would create a new potential challenge to future rules.

The cumulative effect of the requirements in H.R. 1062 will be to render what should be the agency’s primary focus – investor protection – at best a secondary priority. AARP acknowledges that concern about the appropriate balance between the cost and benefit of rules is a valid consideration in rulemaking. However, H.R. 1062 will result in a rulemaking process that is incapable of implementing Congress’ statutory directives and is consistently subject to challenge. We do not believe such a result is in the best interest of investor protection.

If you have any questions, please feel free to call me, or have your staff call Mary Wallace on our Government Affairs staff at (202) 434-3954.

Sincerely,

A handwritten signature in black ink that reads 'Joyce A. Rogers'. The signature is written in a cursive, flowing style.

Joyce A. Rogers
Senior Vice President
Government Affairs