

**Senator John Boozman
Hearing Statement
Subcommittee on
Financial Services and General Government
Committee on Appropriations**

**SEC and CFTC Budget Requests for FY 16
May 5, 2015**

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Good morning. The subcommittee will come to order.

I would like to welcome our witnesses, SEC Chair Mary Jo White and CFTC Chairman Tim Massad. Thank you for being here today.

We look forward to hearing from you about the details of your budget requests as well as how you are using the increases you received in 2015 to carry out your core missions.

As members of this Committee, we have a tremendous responsibility to ensure the funds we oversee are spent wisely.

Both of your agencies are asking for significant increases for 2016. The SEC is asking for \$1.722 billion, a 15 percent increase. The CFTC is asking for \$322 million, which is 29 percent more than in 2015. Yet just last year, both agencies received sizable increases.

The SEC's budget increased by \$150 million or 11% over 2014, and the CFTC's budget grew \$35 million, or 16%. These increases are more generous than those provided to any other agencies in the bill.

Unfortunately, as we have seen too often, access to more funding does not necessarily ensure that an agency will successfully achieve its mission or spend that funding responsibly.

Under the Budget Control Act, and the House and Senate budget resolutions, the discretionary spending caps for fiscal year 2016 limit non-defense spending to \$493 billion. This represents an increase of just \$1.1 billion over the fiscal year 2015 level for all non-defense departments and agencies.

While the SEC's funding structure is different than most agencies under our jurisdiction because it is funded by fees, we continue to take our oversight duties seriously. Just because the SEC's fees come from public companies and investors does not in any way minimize our responsibility to ensure the SEC is operating effectively and the funds are being spent wisely.

All agencies have to make strategic decisions on how to best allocate resources. As we review your budget requests, I am most interested to hear what decisions you have made to operate more efficiently in order to carry out your responsibilities within current funding levels.

Spending on staffing levels and benefits, space and equipment needs, and technology must all be carefully considered so that they do not create unsustainable burdens for future years.

We all benefit from a system that promotes fair and orderly markets, so I am concerned when regulations fragment the market, needlessly raise the cost of doing business, or push trading overseas.

I ask you to be persistent in trying to work together and coordinate with your fellow regulators, including other federal agencies, self-regulatory organizations, and your international counterparts.

Inconsistent rules at the SEC and the Department of Labor governing fiduciary standards continue to cause uncertainty and confusion. I remain concerned that DOL's proposal could limit affordable retirement options for low and middle income Americans.

It is my hope that the SEC will conduct thorough oversight of FINRA's rulemaking related to its CARDS proposal. FINRA's original rule proposal would have substantially increased transaction costs while exposing investors to significant security risks. It's my understanding these rules are being reworked due to widespread concerns, and I look forward to working with the SEC to ensure these concerns have been addressed.

Lastly, cross-border harmonization remains elusive due to divergent approaches your agencies have taken to implement derivatives market reforms contained in Title 7 of Dodd-Frank.

In numerous instances, the CFTC has simply chosen to issue guidance, in what looks like an effort to avoid cost/benefit analysis. In many cases, the CFTC has moved too quickly and opted to act alone instead of effectively coordinating with the SEC and international regulators.

I encourage you to work with each other and your fellow commissioners as you negotiate a workable derivatives regime with European regulators that is clear, consistent, and reasonable.

You both have an important job of protecting investors, who look to the markets to help secure their retirements, pay for their homes, and send their kids to college.

Your agencies have an obligation to protect investors and customers from the next Madoff, Peregrine (PARA-grin), MF Global or Stanford.

And you must improve transparency and uncover fraud and deception, without over-regulating our markets and hindering our economic recovery.

The American people want a government that works for them, not against them. They want us to curb wasteful spending; make the government more efficient, effective and accountable, and pursue policies that create economic opportunities for everyone.

These are the priorities of the American people. They will be reflected in the critical oversight we conduct as we consider the fiscal year 2016 budget requests for all of the agencies within our jurisdiction.

Thank you. I will now turn to my ranking member Senator Coons for his opening statement.