



May 20, 2026

The Honorable Ann Wagner
Chair
Capital Markets Subcommittee
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Brad Sherman
Ranking Member
Capital Markets Subcommittee
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Re: May 20th Hearing Entitled: “From Order to Execution: Ensuring Efficient and Transparent Equity Markets”

Dear Chair Wagner and Ranking Member Sherman:

The American Securities Association (ASA)¹ submits these comments for the scheduled May 20th hearing of the Capital Markets Subcommittee to examine equity market structure issues as well as ongoing concerns regarding the Consolidated Audit Trail (CAT). ASA has been a leading voice on these issues, and we appreciate the work of the Subcommittee. ASA supports several bills that the Subcommittee noticed as part of this hearing. Our views on this legislation are discussed in further detail below.

I. H.R. 1483, the Protecting Investors’ Personally Identifiable Information Act.

ASA strongly supports this legislation, and we commend Rep. Loudermilk for leading the way to protect American investors from the grave privacy threats posed by the CAT.

The CAT’s collection of Americans’ personal and financial information has enabled the largest surveillance scheme ever assembled by the federal government — one that poses unconscionable risks to the privacy, security, and finances of millions of investors.

Tracking Americans through the stock market without any evidence of wrongdoing violates the 4th Amendment and exposes them to cybersecurity risks that far outweigh any regulatory benefit. Investor protection is one prong of the SEC’s three-part mission. This Orwellian registry betrays it. The SEC already has complete access to investor data upon request. There is no demonstrated need for a permanent national surveillance apparatus — and no legitimate purpose that justifies putting American families at risk of total financial loss.

We urge Congress to pass this legislation as expeditiously as possible.

¹ ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. ASA’s mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.





II. The SEC Regulatory Accountability Act and Review the Expansion of Government (REG) Act of 2026.

ASA supports both bills, and we appreciate Chair Wagner and Rep. Kim for putting them forward. The SEC Regulatory Accountability Act would improve the SEC's rulemaking process by requiring the agency to: (1) ensure that any regulation is consistent with the SEC's mission and within its statutory authority; and (2) adopt a new regulation only if it can make a reasoned determination that the economic benefits outweigh the costs. The Act would also mandate that the SEC retroactively assess new rules and consider the cumulative costs of regulation in its rulemaking process.

Many of the provisions in these bills are consistent with executive orders issued by both Republican and Democratic administrations in recent years.²

Over the last several years, the SEC has too often ignored its obligation to conduct cost-benefit analysis and has paid little attention to the cumulative costs of regulation on market participants and the broader economy.

For example, in 2022, the SEC hastily proposed four substantive rulemakings related to equity market structure without considering how each rule would interact with the others or what the overall market impact would be upon adoption.³

The SEC has also wasted taxpayer and agency resources on rulemakings that have either been struck down by the courts or are slated for rescission. These include the 2023 private funds rule⁴ — which courts determined exceeded the SEC's statutory authority — and the 2023 stock buyback rule⁵ — which courts vacated on cost-benefit grounds. The SEC has also indicated it plans to rescind the 2024 climate disclosure rule, the single most expensive rulemaking in the agency's history.

Had the SEC followed the basic guidelines this legislation would codify, it could have directed its resources toward priorities that better serve the investing public.

Chairman Atkins has made meaningful progress in refocusing the SEC on cost-benefit discipline. But legislation is necessary to make those reforms permanent.

III. H.R. 3197, the Fortifying U.S. Markets from Chinese Military Aggression Act.

² See EO 13563 (January 18, 2011); EO 13771 (January 30, 2017)

³ See ASA letter in response to 2022 equity market structure proposals (March 31, 2023) <https://www.sec.gov/comments/s7-32-22/s73222-20163332-333215.pdf>

⁴ <https://www.ca5.uscourts.gov/opinions/pub/23/23-60471CV0.pdf>

⁵ <https://www.sec.gov/newsroom/whats-new/further-announcement-regarding-share-repurchase-disclosure-modernization-rule>





ASA thanks Rep. Nunn for introducing this legislation, which we support. This legislation would establish an advisory committee under the auspices of the Financial Stability Oversight Council (FSOC) to assess the threats to U.S. markets and our economy related to Chinese aggression over Taiwan.

Last year, ASA testified in a joint hearing held by the Senate Committee on Aging and the Select Committee on the Chinese Communist Party. In our testimony, we raised the issue of fiduciary duty, and the reality that institutions managing money on behalf of U.S. investors have an obligation to evaluate the legal protection and geopolitical implications related to investments in Chinese companies.

The fiduciary duty also requires money managers to evaluate the political and reputational risks associated with U.S. companies doing business with the CCP specifically, or in China generally. This would include a scenario where China decides to invade, quarantine, or act aggressively with respect to Taiwan,⁶ and the U.S. government responds by imposing economic sanctions that prohibit American companies from doing business in China (as it did after Russia invaded the Ukraine).⁷ In this scenario, bond funds would also be forced to remove dollar-denominated Yuan bonds from bond indexes sold to American investors, and that would have serious implications for U.S. investors who own bond funds whose indices contain such bonds.⁸

American investors could also lose billions if the CCP responds to sanctions by imposing capital controls on foreign money or on the retained earnings of U.S. company subsidiaries located in China.⁹ We urge the Committee to advance this legislation and hope that once signed into law, these considerations be taken into consideration for the advisory committee.

IV. Conclusion.

ASA thanks members of the Subcommittee for their continued focus on these issues. We look forward to working with all members as these bills advance through the legislative process.

Sincerely,

Christopher A. Iacovella

Christopher A. Iacovella
President & Chief Executive Officer
American Securities Association

⁶ <https://www.state.gov/ukraine-and-russia-sanctions/>

⁷ <https://www.state.gov/ukraine-and-russia-sanctions/>

⁸ "In order to be considered for inclusion in the Global Aggregate Index, a local currency debt market must be classified as investment grade and its currency must be freely tradable, convertible, hedgeable, and free of capital controls."

<https://www.bloomberg.com/company/press/bloomberg-add-china-bloomberg-barclays-global-aggregate-indices/>

⁹ <https://www.cnn.com/2023/03/06/business/mark-mobius-china-capital-controls/index.html>

