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"A New Day at the SEC: Restoring Accountability, Due Process, and Public Confidence"
Capital Markets Subcommittee
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Chair Wagner, Ranking Member Sherman, and members of the Capital Markets Subcommittee, thank you for the opportunity to testify today about the role of the Securities and Exchange Commission (SEC) and the importance of the agency adhering to the mission that Congress has given it.

Introduction

My name is Chris Iacovella, and I am the President and Chief Executive Officer of the American Securities Association (ASA). The ASA is a trade association of American financial services firms. Our mission is to promote investor trust and confidence, facilitate capital formation, and support competitively balanced markets.

Congress created the SEC in the wake of the 1929 stock market crash to restore the trust, faith, and confidence of America's investors in our capital markets. For much of its history, the SEC has lived up to that standard, becoming the world's pre-eminent securities regulator.

Unfortunately, since the 2008 financial crisis, a concerning trend has emerged; the SEC has increasingly acted outside of its statutory mandate to pursue partisan political policies that have not been authorized by Congress. The pendulum on hot-button political and cultural issues has swung from administration to administration, and this has turned the historically apolitical and technocratic agency into an unelected political actor.

The SEC's injection of politics into the capital markets has created uncertainty for companies and their shareholders, and caused a multi-year transfer of wealth from American investors saving for retirement to special interests in the professional class who profit from unauthorized regulation. This has harmed the public's perception of the agency.

The SEC must be viewed as an objective regulator, focused solely on its statutory mission, not one that caters to special interests – regardless of where they fall on the political spectrum.

Congress can change this by reasserting its policymaking prerogative over the agency and reforming the agency.

By that I mean, if Congress cannot agree on the details of a policy issue, then it should not include any language about that policy in legislation. Specifically, Congress should not adopt legislation that includes broad and opaque language or "public interest" provisions that give unelected bureaucrats the power to decide the specifics of policy matters. The elected members of this body should be doing that.

Congress's 'delegation' of its prerogative to the administrative state has gone too far, for too long, and it is the central reason the agency has become so politicized.

If Congress does not act, then the people's elected representatives' risk being limited to sending letters that go unanswered and complaining about policies they did not authorize. And, that is certainly not what the framers envisioned when they created *three*, <u>not four</u>, branches of government power under our Constitution.

Executive Summary of Recommendations for Reforming the SEC.

Our recommendations are fully detailed in my written testimony. But, let me briefly summarize those recommendations now:

- Improper Delegation-- Policymaking Authority to Staff: This practice must end for all policy related rulemakings and filings from regulated self-regulatory organizations (SROs). Delegated authority from the Commission to the staff is appropriate for purely administrative matters, but not for policy matters. Congress never envisioned that Senate-confirmed Presidential appointments would not make policy decisions at administrative agencies.

- Improper Delegation-- Core Oversight Functions to SROs: The SEC's unauthorized delegation of its core functions to SROs needs to end. This circumvents the Congressional oversight of the appropriations process, and it imposes open-ended costs on the industry that the agency should have on its budget. The main example of this is the SEC's delegation of CAT to the SROs, which demanded the industry use its balance sheet to fund a billion-dollar regulatory surveillance mechanism that collects the personal and financial information of every American investor.

- Improper Delegation-- Enforcement Authority to Staff: Career staff, at any level, must not be allowed to open single-issue enforcement matters that impact similarly situated market participants across the industry in the exact same way or initiate 'industry-wide' sweeps without first presenting it to the politically appointed Commission and receiving an affirmative vote to proceed. Without this Constitutional check, an unconstrained enforcement division was sanctioned by a federal court,[1] engaged in rulemaking by enforcement,[2] and used the agency's power to prosecute matters beyond its statutory reach.[3]

- SEC Enforcement Staff: Enforcement staff must be held to the same ethical standard as every other licensed attorney. Having staff sanctioned for lying to a federal court[4] and being forced to dismiss dozens of cases because staff improperly accessed Commission memos related to administrative proceedings[5] erodes the public's trust and confidence in the agency. To change this, senior leadership in the Division of Enforcement should have a securities law or financial markets background and not only have been a prosecutor.

- Rulemaking—Cost Benefit: The SEC's rulemakings must adhere to the cost-benefit framework that Congress, and the courts have laid out for the agency to follow. Specifically, the agency needs to 'accurately' assess the full costs of every proposed rulemaking using

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[1] SEC Blasted by Judge for 'Gross Abuse of Power' in Crypto Case. Bloomberg News (March 18, 2024), https://news.bgov.com/bloomberg-government-news/sec-blasted-by-judge-for-gross-abuse-of-power-in-crypto-case

[2] https://www.sec.gov/newsroom/press-releases/2024-186 (discusses recordkeeping cases that generated more than $600 million dollars in civil penalties against over 70 firms, and more than $2 billion dollars in penalties against more than 100 firms since 2021.)

[3] "SEC Charges Coinbase for Operating as an Unregistered Securities Exchange, Broker, and Clearing Agency" (Press Release No. 2023-102, June 6, 2023), U.S. Securities and Exchange Commission, Washington, D.C. https://www.sec.gov/newsroom/press-releases/2023-102.
https://www.bloomberg.com/news/articles/2024-03-19/sec-blasted-by-judge-for-gross-abuse-of-power-in-crypto-case

[4] https://cointelegraph.com/news/sec-s-conduct-in-debtbox-case-constituted-a-gross-abuse-of-power

[5] https://www.vedder.com/insights-events/sec-dismisses-42-enforcement-actions-because-of-its-own-internal-control-deficiencies/ "On June 2, 2023, the United States Securities and Exchange Commission ("SEC") dismissed 42 administrative enforcement actions and vacated 48 collateral industry bars because its Division of Enforcement ("Enforcement") staff improperly had access to memoranda prepared to assist SEC Commissioners in deciding those matters."

current market data. And the cost estimate in the proposal must reflect a good-faith figure, not a random unjustified amount followed by "*we are unable to reliably quantify the potential benefits and costs of the final rule.*"[6] That is unacceptable because it eviscerates a Congressional requirement specifically designed to prevent economically unjustified rules from taking effect.

- Rulemaking—Need Adequate Comment Periods: To have an enduring rule that gives the public time to provide adequate comment, the agency must have a minimum of 60-day public comment period, and that timeframe should be at least 90-days for more complex rules, such as market structure, exemptive relief, and changes to critical definitions.

- Rulemaking—Must Have Direct Congressional Authorization: According to a report by the Committee on Capital Markets Regulation, from early 2021 to October 2024, the SEC engaged in 49 substantive rulemakings, resulting in over 4,500 pages of regulation published in the Federal Register. Of these 49 rules, 82% were not required by Congressional statute. The public should not be subject to a comply or sue scenario because the agency adopts a rulemaking that was not directly authorized by Congress.[7] Legal challenges are costly and they erode the public's faith in the agency to follow and be constrained by the law.

- SRO Filings: SRO rulemakings should be sent directly to each Commissioner, not to staff. SRO rulemaking proposals are adopted by the board of the SRO, and they should not be subject to pre-negotiated "sign-offs" by career staff before being seen by the politically appointed Commissioners or the public. Too many times, the Commission's review of SRO rule proposals has been preceded by extensive, informal, staff-level negotiations that effectively predetermine outcomes before a filing is made public. This change would reduce the risk of rules reflecting political or ideological preferences and would better align SRO oversight with Congressional intent for a transparent, durable rulemaking process that serves investors and capital formation across market cycles.

- Due Process & Transparent Fines When No Investor Harm Exists: Congress must require the SEC to propose, finalize, and publish a fine schedule that will be used as a template to assess all administrative fines, such as record keeping violations. The SEC should be allowed to deviate from the parameters of the fine schedule only if it can justify a regulated entity's intent not to comply. This would give the public meaningful due process during the negotiation and settlement process, and allow regulated entities to understand how administrative fines are calculated and the rationale behind that calculation.

- SEC Commission Structure: Congress should evaluate whether the current structure of the agency should be changed to insulate it from future partisan political pressure. There are a number of ideas to consider, including whether the Commission should be evenly divided and whether it should have permanent co-chairman, one from each party.

There are numerous policy areas the current Chairman is working with the public on, such as proxy advisors, corporate governance, shareholder proposals, accredited investor, foreign issuer

[6] Remarks at the 12th Annual Conference on Financial Market Regulation. Paul Atkins (May 16, 2025) https://www.sec.gov/newsroom/speeches-statements/atkins-conference-financial-market-regulation-051625
[7] This occurred in multiple instances during the previous administration.

definition, and market structure, among others and we strongly support his efforts to propose these policy changes in a thoughtful, transparent, and non-partisan way.

Testimony Overview.

We support this Congress and this Commission working in a bipartisan way to restore the agency's apolitical, mission-focused tradition. And this committee for exercising its Constitutional oversight role to ensure that the SEC's actions align with the authorities granted to it by Congress.

This written testimony focuses on three general areas of improvement that will help restore public confidence and accountability at the SEC:

> 1) Heightened standards for the SEC's rulemaking process will help ensure that the positive changes initiated by the current Commission are not reversed by future, more politicized agendas, including robust economic analysis, adequate opportunities for public comment, and adherence by the SEC to its authorities as determined by Congress;
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> 2) Protecting the due process rights of private citizens throughout the enforcement process and re-aligning the priorities of the Division of Enforcement to combat the biggest threats to investors follows Congress's original design that major enforcement judgments be made by Senate-confirmed officials, not by shifting partisan priorities within the bureaucracy; and
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> 3) De-politicizing the SEC's regulatory agenda and preventing the SEC from inserting itself into immaterial social and political debates.

Reforming the SEC's Rulemaking Processes.

Economic Analysis

In the fifteen years since passage of the Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank), the SEC has undergone the busiest period of rulemaking in the agency's history, including over 90 mandated rulemakings stemming from Dodd-Frank along with a substantial of discretionary rulemakings since 2020.

At times, the SEC's rulemaking activities have exposed serious flaws in the processes used by the SEC to either justify a new rule or conduct a proper analysis of the effect that a rule will have on the private sector of the economy.

In 2011, the U.S. Court of Appeals for the D.C. Circuit vacated the SEC's 2010 "proxy access" rule, finding that the SEC acted "arbitrarily and capriciously" in adopting the rule and admonishing the SEC for failing "adequately to assess the economic effects of the rule."[8] The court's decision made clear that it is incumbent upon the SEC to conduct a robust economic analysis of any new rule it adopts.

[8] D.C. Circuit Strikes Down Proxy Access Rules. Adam Emmerich, Wachtell Lipton Rosen & Katz (July 22, 2011) https://corpgov.law.harvard.edu/2011/07/22/d-c-circuit-strikes-down-proxy-access-rules/

The proxy access rule made the SEC fully recognize the importance of economic analysis in administrative rulemaking.[9] Still, the SEC is still behind in terms of its ability to accurately assess the economic costs of new rules it is considering.

To highlight just one example, until recently, the SEC used a default estimated cost of $400/hour for outside counsel hired by registrants to assist them in compliance with certain rules. As Commissioner Uyeda pointed out in 2022, the $400/hour estimate was first used by the SEC in 2006, and "it is not credible that the cost for professional legal advice has remained flat since that time."[10] While the SEC has since updated that default estimate to $600/hour, that figure is still far below what registrants are forced to pay outside counsel to evaluate SEC actions.

Providing the public with a sufficient amount of time to respond to complex regulatory proposals is also a key ingredient to an effective economic analysis. Robust public input allows the SEC to weigh potential effects of a rule identified by the public that it may not have previously considered.

The SEC previously adopted an informal policy of allowing only 30 or 45 days of public input on highly technical and consequential rulemakings. The ASA supports a *minimum* 60-day public comment period for most rulemakings and a 90-day minimum for complex rules.

In a May 2025 speech[11], Chairman Atkins stated:

> *"Before we act, we first must identify a problem to be solved and propose a resolution that is tailored to solve it – rather than create a solution in search of an unidentified problem.*
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> *The SEC, in its regulatory capacity, is tasked to balance investor protection with promoting capital formation and market efficiency. In years past, the Commission has unfortunately demonstrated a tendency to prioritize regulatory expansion over meticulous economic analysis, potentially jeopardizing this delicate balance.*
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> *For example, in some of the Commission's recent economic analysis, the adopting releases have stated, "Where possible, we have attempted to quantify these economic effects . . . however, we are unable to reliably quantify the potential benefits and costs of the final rul[e]."[1]*
>
> *Going forward, we must show our work so that the public understands what we are proposing and why. We must show that we have considered the potential effects of our rules, including the negative ones."*

This is exactly the type of mentality with which the SEC should approach every rulemaking. The ASA welcomes this renewed focus on economic analysis by the SEC and encourages every agency of the federal government to adopt similar policies.

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[9] At House Hearing, Schapiro Says Cost Analyses are Slowing SEC's Work. NY Times (April 25, 2012) https://archive.nytimes.com/dealbook.nytimes.com/2012/04/25/at-house-hearing-schapiro-says-cost-analyses-are-slowing-s-e-c-s-work/

[10] Statement on the Final Rule Related to Pay Versus Performance. Commissioner Mark Uyeda. (Aug 25, 2022) SEC.gov | Statement on the Final Rule Related to Pay Versus Performance

[11] Remarks at the 12th Annual Conference on Financial Market Regulation. Paul Atkins (May 16, 2025) https://www.sec.gov/newsroom/speeches-statements/atkins-conference-financial-market-regulation-051625

Legal Challenges to Recent SEC Rules.

According to a report by the Committee on Capital Markets Regulation, from early 2021 to October 2024, the SEC engaged in 49 substantive rulemakings, resulting in over 4,500 pages of regulation published in the Federal Register. Of these 49 rules, 82% were not required by Congressional statute.[12]

The breadth of rulemaking conducted from 2021-2024 led to several legal challenges and certain rules being vacated or remanded back to the SEC. These include:

- The SEC's 2022 rescission of its 2020 proxy advisor rulemaking was found by the Fifth Circuit Court of Appeals to have violated the APA.[13]

- The 2023 private funds rule – one of the SEC's major initiatives of the previous administration – was vacated by the Fifth Circuit in June 2024.[14] The court outright rejected the SEC's argument that Section 913(h) of Dodd-Frank provided the SEC with authority to promulgate the rule.

- The SEC's stock buyback rule was struck down in December 2023, with the court finding that the SEC acted "arbitrarily and capriciously" and that it had violated the Administrative Procedure Act (APA).[15]

- The SEC's 2023 short sale reporting rule was remanded back to the SEC by the Fifth Circuit Court of Appeals.[16]

These types of outcomes strain the SEC's resources *and* its credibility with the public. The SEC should orient its regulatory agenda towards rulemakings that are based upon a specific problem that clearly warrants an authorized regulatory solution. Rules that stretch beyond its statutory authority are unlikely to survive in court or across administrations. Congress should encourage the Commission to focus on clear statutory mandates and bipartisan priorities so that investors and markets can rely on stable rules of the road.

Strengthening Commission Oversight of FINRA and MSRB.

Congress deliberately placed the Municipal Securities Rulemaking Board and FINRA under the Securities Exchange Act framework so that any change to their rules is filed with and approved by the Commission. That structure reflects a clear Congressional judgment: self-regulatory organizations may propose rules, but Presidentially appointed Senate confirmed individuals at the Commission must ultimately decide whether those rules are consistent with the Act.

Over time, however, the Commission's review of SRO rule proposals has too often been preceded by extensive, informal, staff-level negotiations that effectively predetermine outcomes before a filing is publicly made. When substantive terms are negotiated in private with staff who may be

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[12] https://capmktsreg.org/wp-content/uploads/2024/10/CCMR-Pace-of-SEC-Rulemaking-Unprecedented-Litigation-10-30-24-FINAL.pdf
[13] https://caselaw.findlaw.com/court/us-5th-circuit/116316926.html
[14] National Association of Private Fund Managers v. SEC, No. 23-60471 (5th Cir.)
[15] Chamber of Commerce of the United States of America v. SEC, No. 23-60255 (5th Cir.)
[16] https://www.ca5.uscourts.gov/opinions/pub/23/23-60626-CV0.pdf

perceived—fairly or not—as advancing partisan priorities, the public record becomes a formality and the accountability Congress intended is weakened.

FINRA and the MSRB should send their rulemakings directly to each Commissioner, not to staff. SRO rulemaking proposals are adopted by the board of the SRO and they should not be subject to pre-negotiated "sign-offs" by career staff before being seen by the politically appointed Commissioners or the public. Too many times, the Commission's review of SRO rule proposals has been preceded by extensive, informal, staff-level negotiations that effectively predetermine outcomes before a filing is made public. This change would reduce the risk of rules reflecting political or ideological preferences and would better align SRO oversight with Congressional intent for a transparent, durable rulemaking process that serves investors and capital formation across market cycles.

We would also note that SRO limitations on liability are inappropriate given that many SROs have moved to a for-profit model and compete for market share.

Rethinking Enforcement Practices and Priorities.

The SEC's Division of Enforcement is the largest unit within the agency – making up roughly one-third of the SEC's overall budget in terms of dollars and personnel.[17] Over time, staff within the division have been delegated substantial authority over investigations and enforcement actions.

Concerns regarding the due process rights of individuals in SEC enforcement proceedings accelerated after Dodd-Frank's passage. Dodd-Frank permitted the SEC to seek monetary penalties against parties not registered with the SEC through administrative proceedings – rather than bringing such cases through federal court where respondents are afforded Constitutional due process protections.[18]

Unsurprisingly, the SEC began shifting its enforcement proceedings away from Article III courts to its in-house administrative tribunals. By 2015, over 80% of enforcement cases were brought through administrative proceedings, despite the fact that respondents were not afforded the right to a jury trial and these proceedings were not subject to the Federal Rules of Civil Procedure or the Federal Rules of Evidence.[19]

The Financial Services Committee has done remarkable work to raise awareness over the lack of Constitutional protections within the SEC administrative system and to highlight general concerns with the SEC's overall approach towards enforcement.[20] While two recent Supreme Court cases – *Lucia vs. SEC* and *Jarkesy vs. SEC* have curtailed the SEC's abuse of its administrative tribunals, significant flaws still remain within the agency's enforcement program.

In recent years the SEC has prioritized enforcement "sweeps" of registered entities regarding technical matters over compliance and supervision, rather than prioritizing fraud cases or other

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[17]SEC Congressional Budget Justification – Fiscal Year 2025 https://www.sec.gov/files/fy-2025-congressional-budget-justification.pdf
[18] Section 925 of P.L. 111-203
[19] SEC Wins with In-House Judges. Wall Street Journal (May 6, 2015) SEC Wins With In-House Judges - WSJ
[20] H.R. 6695, Due Process Restoration Act of 2023; May 2024 Capital Markets Subcommittee hearing "SEC Enforcement: Balancing Deterrence with Due Process"

nefarious schemes that target the most vulnerable investors. These sweeps have often resulted in large, headline-grabbing fines for the SEC, even if the agency does not produce any evidence of investors being harmed over the alleged violations.

For example, the SEC conducted a series of sweeps regarding “off-channel” communications by broker-dealers and investment advisers – an effort that resulted in over $1 billion of fines paid by the private sector but which did not allege that clients of any involved firm were harmed due to the method of communication and recordkeeping practices of an adviser or broker.[21]

These instances underscore that the sweep targeted technical recordkeeping violations rather than misconduct that caused investor losses or led to other tangible customer harm. At the same time, they highlight the urgent need to recalibrate expectations around electronic communications and adapt supervisory frameworks to the realities of modern, multi-channel business practices. Rather than relying on retroactive, punitive enforcement, regulators and firms should work together to develop clear, risk-based standards that recognize evolving technology while preserving meaningful investor protection.

Furthermore, the SEC has never provided the public with a sufficient rationale for how fines for individual firms caught up in this sweep were calculated, or why the agency prioritized recordkeeping compliance over other issues that constitute greater risks to investors. This lack of transparency points to the arbitrariness of the sweep and the desire for the SEC to announce large fines regardless of their justification.

The SEC must also end the practice of delegating such broad authority to enforcement staff. Staff, at any level, must not be allowed to open single-issue enforcement matters that impact similarly situated market participants across the industry in the exact same way or initiate ‘industry-wide’ sweeps without first presenting it to the politically appointed Commission and receiving an affirmative vote to proceed. Without this Constitutional check in place, an unconstrained enforcement division engaged in rulemaking by enforcement[22] and used the agency’s enforcement power to prosecute matters beyond its statutory reach.[23]

Congress should also require the SEC to propose, finalize, and publish a fine schedule that will be used as a template to assess all administrative fines, such as record keeping violations. The SEC should be allowed to deviate from the parameters of the fine schedule only if it can justify a regulated entity’s intent not to comply. This would give the public due process during the negotiation and settlement process, and it would allow regulated entities to understand how administrative fines are calculated and the rationale behind that calculation.

Additionally, the Division of Enforcement has been the subject of recent controversy. In 2023, SEC enforcement lawyers were found to have *lied* to a federal court regarding an enforcement action at DEBT Box – behavior that the court called a “gross abuse of power.”[24]

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[21] https://www.whitecase.com/insight-alert/sec-announces-possible-last-wave-channel-communications-enforcement-actions
[22] https://www.sec.gov/newsroom/press-releases/2024-186 (discusses recordkeeping cases that generated more than $600 million dollars in civil penalties against over 70 firms, and more than $2 billion dollars in penalties against more than 100 firms since 2021.)
[23] “SEC Charges Coinbase for Operating as an Unregistered Securities Exchange, Broker, and Clearing Agency” (Press Release No. 2023-102, June 6, 2023), U.S. Securities and Exchange Commission, Washington, D.C. https://www.sec.gov/newsroom/press-releases/2023-102.
https://www.bloomberg.com/news/articles/2024-03-19/sec-blasted-by-judge-for-gross-abuse-of-power-in-crypto-case
[24] https://www.wsj.com/articles/gary-gensler-sec-private-markets-rule-fifth-circuit-6ad6eb3e?mod=opinion_lead_pos4

The DEBT Box episode and the prioritization of broad enforcement “sweeps” are just two examples that raise a larger concern about the delegation of authority by Senate-confirmed commissioners to career staff at the SEC. This practice has led to a lack of accountability and transparency in the regulatory process and hidden much of the SEC’s regulatory and enforcement agenda from Congress and the general public.

In March 2025, the SEC took a step in the right direction by adopting a rule that limits the ability of enforcement staff to initiate formal orders of investigation without approval by the Commission.[25]

The SEC should take further steps to restore decision-making authority – for regulation and enforcement - back to the Commission. Requiring all policy decisions to be made by the full Commission ensures that each action receives proper scrutiny and reflects the collective wisdom of the public and the Senate-confirmed commissioners.

This also promotes more balanced and well-considered policies, reduces the potential for overreach by individual staff members, and increases public confidence in the SEC's decision-making process.

De-Politicizing the SEC.

In an important speech this past December, Chairman Atkins emphasized that actions taken by the SEC – including notice-and-comment rulemakings and its administration of the shareholder proposal system – must be driven by market demands and the SEC’s authorities, not politics.[26] Chairman Atkins elaborated that corporate disclosures should be rooted in the longstanding principle of materiality, not “whimsical social or political agendas.” He also cited the importance of depoliticizing annual proxy seasons so that shareholder proposals are focused on “significant corporate matters” and not the idiosyncratic agendas of special interests.[27]

Chairman Atkins’ efforts de-politicize the SEC are a major and welcome development that should be codified or reinforced by Congress, so they are not undone by the next election cycle.

Increasingly, political activists have weaponized SEC shareholder proposal rules to advance their own personal ideology without regard to the cost it imposes on ordinary investors saving for retirement or their child’s education. As a result, annual proxy seasons have devolved into contentious debates over cultural and social policies that should be addressed through the ballot box and the legislative process in Congress, not by financial regulators at the SEC.

A prime example of this is the approach taken by the previous administration towards the “no-action” process for shareholder proposals under SEC Rule 14a-8. In 2021, the SEC issued Staff Legal Bulletin 14L (SLB 14L), which effectively stated that companies were unable to exclude proposals from their proxy materials if the proposal dealt with an issue of “broad societal impact.”

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[25] Delegation of Authority to Director of the Division of Enforcement. Final Rule (March 10, 2025)
[26] Revitalizing America’s Markets at 250. Chairman Paul Atkins. (December 2, 2025) https://www.sec.gov/newsroom/speeches-statements/atkins-120225-revitalizing-americas-markets-250
[27] *Id.*

SLB 14L left it up to SEC staff to determine what constitutes a "broad societal impact" – unsurprisingly, the bulletin led to a sharp increase in the number of social or political proposals companies received in subsequent proxy seasons. Commissioner Uyeda noted that the number of social and environmental proposals increased by 52% after SLB 14L and the number of proposals voted on increased by 125%.[28]

Dealing with these proposals and the SEC's no-action process is a resource-intensive process that distracts the SEC from its core mission and businesses from focusing on long-term performance. More important, it creates substantial costs for the millions of shareholders who are caught in the middle of these political maneuvers. Fortunately, the SEC rescinded SLB 14L last year and has since sought to restore a level of practicality to Rule 14a-8.[29]

Conclusion

ASA commends Chairman Hill, Ranking Member Waters, Subcommittee Chair Wagner and Subcommittee Ranking Member Sherman for holding this important hearing and we look forward to being a helpful partner to members on both sides of the aisle as the Committee considers reforms that help restore public confidence and accountability at the SEC.

[28] Remarks at the Society for Corporate Governance 2023 National Conference. Commissioner Mark T. Uyeda (June 21, 2023) https://www.sec.gov/newsroom/speeches-statements/uyeda-remarks-society-corporate-governance-conference-062123

[29] Staff Legal Bulletin 14M (February 12, 2025) https://www.sec.gov/about/shareholder-proposals-staff-legal-bulletin-no-14m-cf