

MEETING MINUTES

U.S. Securities and Exchange Commission's Investor Advisory Committee Minutes of the Meeting of September 9, 2021

The Investor Advisory Committee (IAC) met on September 9, 2021, in a public meeting held remotely online at <https://www.sec.gov>. The meeting convened at 10:00 am¹ and was broadcast live by webcast. Part 1 of the webcast archive can be found on the IAC web page at https://www.sec.gov/video/webcast-archive-player.shtml?document_id=iac090921-1. Part 2 can be found at https://www.sec.gov/video/webcast-archive-player.shtml?document_id=iac090921-2.

The following persons participated in the meeting:

Commissioners of the U.S. Securities and Exchange Commission (SEC)

Gary Gensler, Chair
Hester Peirce, Commissioner
Elad Roisman, Commissioner
Allison Herren Lee, Commissioner

Members of the Investor Advisory Committee

Jennifer Marietta-Westberg
Heidi Stam
Theodore Daniels
J.W. Verret
Jamila Abston
Cambria Allen-Ratzlaff
Rick Fleming
Elissa Germaine
Brian Hellmer
Nancy LeaMond
Lori Lucas
Paul Mahoney
Christopher Mirabile
Sandra Peters
Paul Sommerstad
Alice Stinebaugh
Leslie Van Buskirk
Joanne Yoo

¹ All times listed are for the local Washington, DC time.

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Panelists

Stephen Hall
Daniel P. Egan
Punam Anand Keller, PhD
Steve Shu, PhD
Wes Bricker
Colleen Honigsberg, PhD
Sara Lord
Alistair Thompson
Lynn Turner

SEC Staff

Adam Anicich
Anne Blazek

Opening

Chair Marietta-Westberg called the meeting to order at 10:00 am, opened the meeting, and a roll call of members was taken.

Initial Business

Ms. Marietta-Westberg turned the floor over to Chair Gensler for opening remarks, followed by remarks by Commissioner Peirce, Commissioner Roisman, and Commissioner Lee.

Approval of Minutes

A motion was put forward and seconded to approve the minutes of the IAC meetings held on June 10, 2021. The minutes were approved and subsequently posted to the [IAC webpage](#).

Panel Discussion: Reimagining Investor Protection in a Digital World: the Behavioral Design of Online Trading Platforms

Ms. Marietta-Westberg turned the floor over to Elissa Germaine and Paul Sommerstad to introduced and moderate the panel. Ms. Germaine and Mr. Sommerstad both gave opening remarks, followed by remarks from each panelist in the order listed below:

- **Stephen Hall**, Legal Director and Securities Specialist, Better Markets
- **Punam Anand Keller**, PhD, Senior Associate Dean of Innovation and Growth; Charles Henry Jones Third Century Professor of Management
- **Steve Shu**, PhD, Managing Principal, Digital Nudging Tech
- **Daniel P. Egan**, Director of Behavioral Finance and Investing, Betterment

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Mr. Hall provided commentary regarding the business models of online trading platforms, and how he believes some of these platforms make recommendations to their users. Mr. Hall provided observations on how certain features of online trading platforms led to the gamification of investing.

Dr. Keller provided commentary on the rise of online trading platforms, their anti-establishment associations, and lack of fees. Dr. Keller also remarked on the validity of these characteristics from a marketing perspective. She offered recommendations surrounding online trading platforms as it relates to investor protections.

Dr. Shu provided commentary on the range of “capabilities and confidence” of investors, highlighting the behavioral challenges that come with the use of online trading platforms, social media, and the digital world in general. Dr. Shu also provided a few recommendations related to investor protections.

Mr. Egan provided commentary regarding the impact app design has on user experience, and made recommendations on how to design platforms in ways that will better inform investors. Mr. Egan advocated for more transparency in system design.

A discussion between panelists and Committee members occurred, moderated by Ms. Germaine and Mr. Sommerstad.

Recess

Ms. Marietta-Westberg took the meeting into recess at 12:00 p.m.

Non-Public Administrative Session

Ms. Marietta-Westberg took the Committee into a non-public administrative session at 12:00 p.m.

Afternoon Session

Ms. Marietta-Westberg called the afternoon session to order at 1:00 p.m. and asked J.W. Verret to introduce the panelists for the afternoon session.

Panel Discussion on Competition and Regulatory Reform at the PCAOB

Mr. Verret introduced each panelist, followed by remarks from each panelist in the order listed below:

- **Alistair Thompson**, Director of Remedies, Business and Financial Analysis, United Kingdom Competition and Markets Authority
- **Colleen Honigsberg**, Professor of Accounting, Stanford Law School
- **Sara Lord**, Chief Auditor, RSM
- **Lynn Turner**, Senior Advisor, Hemming | Morse, and former Chief Accountant at the SEC
- **Wes Bricker**, Vice Chairman, PWC Americas, and former Chief Accountant at the SEC

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Mr. Thompson discussed a report on auditing conducted by the U.K. Competition and Markets Authority, which included information on the selection of audit firms. Mr. Thompson then explained the findings of the report and the recommendations it made.

Dr. Honigsberg provided commentary on audit reform, and discussed three recent studies regarding the punishment of audit firms. She offered recommendations for audit reform, including greater PCAOB disclosure, changing the format of audit reports, and the power to appoint an auditor.

Ms. Lord provided commentary on audit services in the U.S. and responded to some of the proposed audit reforms. She also discussed audit quality indicators (AQIs) and the importance of including technology considerations in the discussion.

Mr. Turner began by providing commentary on audit quality and the issues of competition in regards to the Big Four firms. Mr. Turner offered a number of recommendations, including those regarding a more “market-based, investor-driven process.”

Mr. Bricker provided commentary on the importance of trust, transparency, and accuracy in the audit business. Mr. Bricker then discussed the role technology plays, both in general and in relation to competition. He offered recommendations to improve trust.

A discussion between panelists and Committee members occurred, moderated by Mr. Verret.

Discussion of Recommendations

Ms. Marietta-Westberg asked Mr. Mirabile to give an overview of the recommendation on SPACs. Mr. Mirabile opened the floor for further comments on the recommendation from IAC members.

A motion was put forward and seconded to move for the adoption of the SPACs recommendation. A roll-call vote was taken with all members in attendance voting in the affirmative to approve the recommendation.

Ms. Marietta-Westberg asked Ms. Allen-Ratzlaff to give an overview of the recommendation on 10b5-1 plans. Ms. Allen-Ratzlaff introduced the recommendation and opened the floor for additional comments.

A motion was put forward and seconded to move for the adoption of the recommendation regarding 10b5-1 plans, subject to having a chance to review a footnote on the recommendation. A roll-call vote was taken with all members in attendance voting in the affirmative to approve the recommendation.

Subcommittee Reports

Ms. Marietta-Westberg called upon Ms. Allen-Ratzlaff to give an update on matters of the Investor-as-Owner Subcommittee. Ms. Marietta-Westberg called on Mr. Daniels to give an update on the matters of the Investor-as-Purchaser Subcommittee. Ms. Marietta-Westberg then called upon Mr. Verret to give an update on the matters of the Market Structure Subcommittee.

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Closing Remarks and Adjournment

Mr. Fleming announced that this was the final IAC meeting for Ms. Ann Blazek and thanked her for her work during her detail.

Ms. Marietta-Westberg adjourned the meeting at 3:06 p.m.