



September 30, 2022

Ms. Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Draft 2022–2026 Strategic Plan for Securities and Exchange Commission [Release No. 34-95588]

Dear Ms. Countryman:

On behalf of our 38 million members and all older Americans nationwide, AARP appreciates the opportunity to submit comments in response to the Securities and Exchange Commission’s (“SEC” or “Commission”) request for public comment on its Strategic Plan for FY 2022 through FY 2026 (“Plan” or “Draft Plan”).<sup>1</sup> As the largest nonprofit, nonpartisan membership organization representing people age 50 and older, AARP appreciates the Commission’s acknowledgment of the importance of “independent, high-quality assessments of its performance against its goals and desired strategic objectives,” and is pleased to share its perspective.

**1. The SEC should revise the Plan to directly reference older Americans as a priority including retired investors who are no longer working and allocate significant resources to the protection of such older investors and retirees.**

The Commission is tasked with protecting investors in the U.S. securities marketplace.<sup>2</sup> However, whereas the Draft Plan identifies various specific categories of investors – presumably to emphasize certain “desired strategic objectives” and ultimately “take action, as needed, to refine [SEC] programs or allocate [SEC] resources accordingly” – it fails to make any reference to older investors, much less contemplate policies or programs targeted toward the protection of older Americans.<sup>3</sup> This is an unfortunate and striking omission, which should be remedied.<sup>4</sup>

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<sup>1</sup> U.S. Securities and Exchange Commission Draft Strategic Plan for FY 2022-2027.

<sup>2</sup> The Securities Exchange Act of 1934 provides that SEC’s three-part mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

<sup>3</sup> Draft Strategic Plan, P. 14 (“How this plan was developed”)

<sup>4</sup> For example, the 14-page plan includes at least six references to “working families,” and “working investors,” which could reasonably be construed as deemphasizing the priority the agency places on protecting retired investors who are no longer working. We urge the SEC to clarify this important point in the final Plan.

It is imperative that protecting older Americans remain a top priority for the Commission.<sup>5</sup> Because of the central role the Strategic Plan plays in guiding the SEC's actions, including by helping the agency establish performance goals and determine the allocation of scarce resources, the best way for the SEC to ensure a continued focus on older Americans is to affirm it as a priority in the final Plan.

Further, the SEC should consider what concrete steps it can take to institutionalize an SEC focus on senior investor protection. For example, the Commission could consider establishing an advisory committee to spotlight trends and challenges specifically impacting older investors. The Commission might also consider establishing an interdivisional task force to coordinate policies and priorities relating to seniors, as has been proposed by Congress.<sup>6</sup>

Another means by which the SEC can show prioritization of older Americans is to lead in changing how federal agencies think about and respond to financial crimes. Fraud is at an all time high in the US, and the population with the most to lose is our nation's older adults. All too often, victims are unable to even file a police report because officers say it's not a crime. AARP is leading a narrative change campaign to fundamentally change how our country responds to consumer fraud, and we would welcome your leadership in this effort.

Finally, we want to applaud the Commission for its focus on supporting a diverse, equitable and inclusive workforce. We agree that this is "essential to the SEC's success in protecting the public and fulfilling its mission."<sup>7</sup> A focus on diversity and inclusion is imperative to changing the narratives discussed above.

**2. The SEC should consider making the following specific revisions to the Plan to better address the needs and priorities of older Americans and other investors.**

***a. Make Reg. BI an Examination Priority.***

Section 1.1. of the Draft Plan specifically provides that "SEC's examinations program will continue to focus on uncovering key risks and violations that could impact individual investors, from cybersecurity to private fund adviser conflicts of interest." Given the importance of implementing SEC Regulation Best Interest ("Reg. BI") as effectively as possible, as well as the vital need to measure and understand what aspects of the rule are working and how, AARP strongly urges that Reg. BI compliance also be designated an examination priority.

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<sup>5</sup> Older Americans invest more in the securities marketplace than any other group of investors. ("The median amount invested by young adult households is relatively small – \$7,700 among those younger than 35. And it rises steadily with age: \$22,000 for households headed by 35- to 44-year-olds, \$51,000 for those ages 45 to 54 and \$80,000 or higher for those 55 and older." See: <https://www.pewresearch.org/fact-tank/2020/03/25/more-than-half-of-u-s-households-have-some-investment-in-the-stock-market/>)

<sup>6</sup> For example, the Senior Security Act, which would create such an interdivisional task force under the direction of the SEC Chair, has been passed by the House of Representatives on at least three occasions, including most recently in April of 2021. (<https://www.congress.gov/bill/117th-congress/house-bill/1565/actions>)

<sup>7</sup> Draft Strategic Plan, P. 12.

***b. Clarify Importance of Coordination with State Partners.***

Section 1.1 of the draft plan affirms the SEC’s commitment to working “in parallel with its fellow federal agencies, law enforcement authorities, international regulators, and self-regulatory organizations.” Given the role that state securities regulators play in combating fraud at the state and local level, including in the communities of seniors, the Commission should consider expanding the scope of the Section in the final Plan to clarify that it also applies to state regulatory partners and law enforcement agencies.

***c. Clarify Importance of Data Regarding Complex Products and Reg. BI.***

Section 1.2 of the Draft Plan obligates the SEC to “continually improve its capabilities to manage and analyze data,” including with respect to various aspects of the securities marketplace, including investor protection and fraud prevention. AARP urges the SEC to specifically reference the importance of additional data regarding Reg. BI, particularly with respect to the offering and sale of complex products.<sup>8</sup>

***d. Clarify Importance of Investor Testing in Effective Disclosure.***

Section 1.3 of the Draft Plan addresses the need to design, draft, and deliver disclosures in a way that investors, particularly retail investors, can access consistent, comparable, and material information to make informed investment decisions. The Commission should consider improving this Section by explicitly affirming the important role of investor testing for readability and understanding in the development of disclosures that work for older investors and investors writ large.<sup>9</sup>

Further, it is more important than ever that retail investors timely understand, monitor, and manage their investments. Full and meaningful disclosure is critical to individual planning and securities law alike. As such, we encourage the Commission to consider a paper delivery option for key basic disclosures, as we know that paper statements are more likely to be read and saved by investors. Recent AARP polling shows that most adults with employer-sponsored retirement plans would prefer to receive paper statements in the mail at least once a year.<sup>10</sup> This is especially true for those age 50+,

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<sup>8</sup> In much the same way that advances in technology have made more complex products available in the marketplace, advances in technology have also enabled broker-dealers to employ new tools to encourage investors to purchase complex products. Trades involving complex investment products, which until recently required customers to consult with their broker or investment professional, can now be routinely undertaken by retail customers on a whim and in a matter of seconds on a smartphone, without any human interaction. (See: AARP comment letter to FINRA Regulatory Notice 22-08, May 9 2022. Accessible at [https://www.finra.org/sites/default/files/NoticeComment/AARP\\_David%20Certner\\_5.9.2022\\_FINRA%20Re%20Complex%20Products%20-%2005092022.pdf](https://www.finra.org/sites/default/files/NoticeComment/AARP_David%20Certner_5.9.2022_FINRA%20Re%20Complex%20Products%20-%2005092022.pdf))

<sup>9</sup> For additional perspective of the role of investor testing in effective disclosure, AARP encourages the Commission to review the IAC’s 2018 Recommendation Regarding Proposed Regulation Best Interest, Form CRS, and Investment Advisers Act Fiduciary Guidance. (<https://www.sec.gov/spotlight/investor-advisory-committee-2012/iac110718-investor-as-purchaser-subcommittee-recommendation.pdf>)

<sup>10</sup> Full survey available online: <https://www.aarp.org/research/topics/economics/info-2022/retirement-account-statements-survey.html>

those with household incomes under \$50,000, and those who do not use computers at work. AARP also supports the optional delivery – and retention – of important information electronically.

***e. Preserve the Draft Plan’s Attention to “Private” Offerings and Directly Reference the Importance of Modernizing the Accredited Investor Standard.***

Section 2.1 of the Draft Plan details the need to update existing SEC rules and approaches “to reflect evolving technologies, business models, and capital markets.” The Draft Plan correctly asserts that to do this, “the SEC must enhance transparency in private markets and modify rules to ensure that core regulatory principles apply in all appropriate contexts.” AARP agrees with the Draft Plan’s call for more, and more effective, disclosures in certain private and quasi-private offerings; we urge that this language be retained in the final Plan. We also urge the Commission to consider specifically noting the need to revisit and modernize the “Accredited Investor” definition, which limits the sale of the riskiest private offerings to “sophisticated” investors.<sup>11</sup> Specifically, the Commission must review and update the income and net-worth thresholds used in the accredited investor definition, which largely have not been updated since 1980.<sup>12</sup>

***f. Enhance SEC Education and Outreach to Older Investors About Digital Assets and Associated Fraud.***

Section 2.3 of the Draft Plan calls for the SEC to “recognize significant developments and trends in our evolving capital markets and adjust our activities accordingly.” AARP appreciates the Plan’s acknowledgement of changes to markets due to technological advances, but we urge the SEC to consider more directly addressing the problems that investors, especially older investors, face due to the general lack of information about how to differentiate offerings that are merely risky and speculative from those that are outright fraudulent. Even as the SEC works with Congress and other regulators to determine, for example, the eventual regulatory framework for cryptocurrencies and other digital assets, the Commission must provide investors with the tools and information to protect against both fraud and extensive risk involving speculative investments such as digital and crypto investments.<sup>13</sup>

**3. The SEC should consider making the following additions to the Plan.**

***a. Address the Role and Importance of SEC Advisory Committees.***

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<sup>11</sup> The accredited investor standard for individuals has remained largely unchanged since it was first adopted in 1982, requiring an individual to have a net worth in excess of \$1 million or annual income in excess of \$200,000 or a joint annual income with one’s spouse in excess of \$300,000.

<sup>12</sup> The Commission’s failure to adjust the income and net worth standards to account for inflation for fully four decades is compounded by the fact that the Commission took steps in 2020 to expand the number of people who qualify as accredited investors by creating new categories of qualifying individuals and entities based on what the SEC calls their “requisite ability to assess an investment opportunity.” (<https://www.sec.gov/news/press-release/2020-191>)

<sup>13</sup> Fraud is escalating exponentially from all reported data. [Federal Trade Commission data](#) shows an increase of 1,000,000 consumer fraud reports between 2021 and 2022. In 2021 alone, AARP’s Fraud Watch Network Helpline heard from 97,000 consumers about fraud attempts and victimization.

As previously noted, the Draft Plan acknowledges the important role of “independent, high-quality assessments of its performance” in making decisions about its priorities and allocation of resources.<sup>14</sup> The SEC’s advisory committees – and in particular, the SEC’s Investor Advisory Committee, which was established in 2010 pursuant to a Congressional mandate<sup>15</sup> – are built-in sources of such high-quality independent assessment and expertise. The SEC should therefore consider amending the Draft Plan to affirm the importance of investor advisory committees, and directly speak to its goals and intentions in regard to such committees over the coming years. Further, the Commission should consider establishing an advisory committee focused on the 50+ investor, to spotlight trends and challenges specifically impacting older savers.

***b. SEC oversight of FINRA and other SROs.***

Self-Regulatory Organizations (SROs) are exchanges and associations that operate and govern the markets, and that are subject to oversight by the SEC. Among other things, SROs monitor the markets, investigate and discipline members involved in improper trading, and make referrals to the SEC regarding suspicious trades by nonmembers. For industry self-regulation to function effectively, the SEC must ensure that SROs are fulfilling their regulatory responsibilities. A recent report by the U.S. Government Accountability Office (GAO) noted that the “SEC has several opportunities to leverage information obtained from its reviews of FINRA to inform its FINRA oversight goals,”<sup>16</sup> and we encourage the SEC to vigorously pursue such opportunities. AARP also urges that the final version of the Plan directly address the unique role that the SEC plays in overseeing SROs and recommit itself to doing so in an effective and transparent manner.

AARP appreciates the opportunity to offer its views on the Draft Plan, and we welcome the opportunity to discuss our perspective further. If you have any questions, please feel free to contact Sarah Mysiewicz of our Government Affairs office at [REDACTED] or [REDACTED]

Sincerely,



David Certner  
Legislative Counsel and Legislative Policy Director  
Government Affairs

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<sup>14</sup> Draft Plan, P. 14

<sup>15</sup> The SEC’s Investor Advisory Committee was established by Section 911 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The IAC is tasked with “advis[ing] the Commission on regulatory priorities, the regulation of securities products, trading strategies, fee structures, the effectiveness of disclosure, and on initiatives to protect investor interests and to promote investor confidence and the integrity of the securities marketplace.”

<sup>16</sup> GAO-22-105367. “Securities Regulation: SEC Could Take Further Actions to Help Achieve Its FINRA Oversight Goals.” December 15, 2021. Accessible at <https://www.gao.gov/products/gao-22-105367>