

Congress of the United States
House of Representatives
Washington, DC 20515-3215

September 23, 2022

Mr. Gary Gensler
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Chairman Gensler,

As you recently remarked, the U.S. is home to the world's largest, most sophisticated, and most innovative capital markets marked by strong investor protections. By most accounts, it is currently cheaper and easier for individuals to participate in the stock market than ever before. This is evident in the tremendous influx of retail investors participating in our stock market over the last two years. Of particular note, reports indicate that these investors are younger and more diverse than in years past. With robust investor protections, better and more widely available financial education, and a long-term approach to investing, participation in the stock market can be an important component of the Biden Administration's ongoing efforts to reduce the racial wealth gap and promote financial inclusion.

We commend the SEC's continued work under your leadership to ensure that the SEC is a strong cop on the beat for retail investors, as well as your efforts to keep our capital markets the most fair, efficient, and low-cost in the world. At the same time, I am concerned that some of the reforms the SEC may consider – for example banning or unnecessarily restricting the practice of payment for order flow or requiring retail investors' trades to be executed through an auction process – are untested and may go too far by (directly or indirectly) making our markets less efficient, increasing costs to invest, and causing some individual investors to exit the stock market altogether.

Before proposing significant reforms to equity market structure, I encourage the SEC to collect relevant information and data and study the impacts any potential changes may have on retail investors' long-term participation and their costs to invest. I believe the SEC should do the same analysis with respect to any potential rulemaking regarding financial services firms' digital engagement practices given the importance younger and more diverse generations place on being able to access all types of goods and services, including investment platforms and products, on their mobile phones. This analysis will help ensure that any rules the SEC may adopt can promote important investor protections, enhance competition, and continue to reduce the diversity gap in investing.

Sincerely,

A handwritten signature in black ink that reads "Ritchie Torres". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Ritchie Torres
Member of Congress