



THE CHAIR

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

December 12, 2016

The Honorable Richard Shelby  
Chairman  
Committee on Banking, Housing, and Urban  
Affairs  
United States Senate  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Mike Crapo  
Chairman  
Subcommittee on Securities, Insurance, and  
Investment  
United States Senate  
239 Dirksen Senate Building  
Washington, DC 20510

Dear Chairman Shelby and Chairman Crapo:

Thank you for your November 30, 2016 letter. I appreciate the opportunity to address the Commission's ongoing regulatory agenda.

As indicated in my testimony on November 15th before the House Financial Services Committee, the Commission has been and remains focused on advancing a number of important rules and initiatives to fulfill its mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.<sup>1</sup> As of now, the following items, some of which are mandated by statute, are ready for Commission consideration within the period you reference, either in an open meeting or by seriatim vote:

- Adoption of rules to establish capital, margin, and segregation requirements for security-based swap dealers and major security-based swap participants;<sup>2</sup>
- Adoption of rules regarding recordkeeping, reporting, and notification requirements for security-based swap dealers and major security-based swap participants;
- Adoption of rules regarding the orderly liquidation of certain broker dealers;

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<sup>1</sup> See Mary Jo White, Chair, U.S. Securities and Exchange Commission, Testimony on "Examining the SEC's Agenda, Operations, and FY 2018 Budget Request" before the Committee on Financial Services United States House of Representatives (Nov. 15, 2016) *available at* <http://financialservices.house.gov/uploadedfiles/hhrg-114-ba00-wstate-mjwhite-20161115.pdf> ("HFSC Testimony").

<sup>2</sup> Promptly completing our statutory mandates with respect to security-based swaps has been a particularly high priority of all of my fellow Commissioners. See, e.g., Commissioner Michael S. Piowar, Statement at Open Meeting Regarding Amendments to Regulation SBSR (Jul. 13, 2016), *available at* <https://www.sec.gov/news/statement/piowar-statement-open-meeting-071316-regulation-sbsr.html>; Commissioner Kara M. Stein, Statement at Open Meeting on Final Rules Regarding Application of Title VII Dealer De Minimis Requirements to Security-Based Swap Dealing Activity in the United States (Feb. 10, 2016), *available at* <https://www.sec.gov/news/statement/stein-statement-021016.html>; Commissioner Daniel M. Gallagher and Commissioner Michael S. Piowar, Statement Regarding Security-Based Swap Rules (Sept. 25, 2015), *available at* <https://www.sec.gov/news/statement/gallagher-piowar-security-based-swaps.html>; Commissioner Luis A. Aguilar, Finishing the Work of Regulating Security-Based Derivatives (Sept. 16, 2015), *available at* <http://www.sec.gov/news/statement/finishing-the-work-of-regulating-security-based-derivatives.html>.

- Adoption of rules regarding the orderly liquidation of certain broker dealers;
- Adoption of Rule 30e-3 regarding an optional method for investment companies to transmit shareholder reports by web posting;
- Adoption of rules to regulate registered investment companies' use of derivatives and require enhanced risk management measures;
- Adoption of rules to facilitate certain communications in connection with security-based swap transactions;
- Proposal of rules to require the use of the inline XBRL format in the submission of certain Commission filings; and
- Request for comment on statistical and other disclosures by bank holding companies and other financial institutions.<sup>3</sup>

Each of these items has been on the Commission's agenda for some time. Over the last year I have publicly discussed several of them specifically as year-end priorities, and the staff has worked very hard for a number of months to ready them for Commission action.<sup>4</sup> Proceeding with this work, I believe, will significantly further the Commission's mission for the benefit of investors and our markets. It is also incumbent upon us to proceed as Commissioners of an independent agency, bound by our Canons of Ethics, which direct, for example, that the Commission "exhibit a spirit of firm independence" in performing our regulatory and other duties, effectuate statutory enactments "without fear or favor," and "promptly perform the duties with which [we are] charged by the statutes." *See* 17 C.F.R. §§ 200.58, 200.67, 200.68. In light of our long-standing agenda and our duties as Commissioners, my intention is to move forward with the above items as planned, assuming the Commission has a quorum to act.

I am not insensitive to the issues raised by your letter and have carefully considered what impact, if any, the election should have on the current work of the Commission. As part of that analysis, I have confirmed that the Commission historically has proceeded with its work during comparable post-election periods. The Commission, for example, enacted a number of rules in the transition period following the 2008 election, including adopting rules that substantively changed the disclosure frameworks and prospectus-delivery options for mutual funds, modernized oil and gas disclosure requirements, amended municipal securities disclosure provisions, and regulated indexed annuities. Likewise, action was taken on a number of consequential rules following the 2000 election. I do not believe this Commission should deviate from its historical practice of independently carrying out its duties.

Thank you again for your letter and for the support you have given me and the agency during my tenure as Chair. Please do not hesitate to contact me at (202) 551-2100, or have a

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<sup>3</sup> Proposed rules to require registered advisers to submit to third-party compliance assessments are also ready to be acted upon by the Commission, although I do not intend to proceed with this rule at this time because there is not sufficient support within the current Commission.

<sup>4</sup> *See, e.g.*, HFSC Testimony; Mary Jo White, Chair, U.S. Securities and Exchange Commission, Chairman's Address at SEC Speaks – "Beyond Disclosure at the SEC in 2016" (Feb. 19, 2016), *available at* <https://www.sec.gov/news/speech/white-speech-beyond-disclosure-at-the-sec-in-2016-021916.html>.

The Honorable Richard Shelby  
The Honorable Mike Crapo  
Page 3

member of your staff contact Keith Cassidy, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010, if you have any additional questions.

Sincerely,

A handwritten signature in blue ink that reads "Mary Jo White". The signature is written in a cursive, flowing style.

Mary Jo White  
Chair

cc: The Honorable Sherrod Brown, Ranking Member,  
Committee on Banking, Housing, and Urban Affairs

The Honorable Mark Warner, Ranking Member,  
Subcommittee on Securities, Insurance, and Investment