Info Memo: Attacks on the SEC, workers, and retirement savers

Context: SEC Chair Gary Gensler is testifying before the Senate Banking, Housing, and Urban Affairs Committee on September 12th and before the House Financial Services Committee on September 27th at a time when our private markets are ballooning, investors are still recovering from the "crypto winter," and regulators and lawmakers still grapple with the fallout from the recent string of bank failures.

Against this backdrop, the SEC has been steadfast in pursuing its core mission of: (1) protecting investors, (2) maintaining fair, orderly, and efficient markets, and (3) facilitating capital formation, following a period of inadequate investor protection under former agency leadership. A coherent regulatory regime and access to accurate information about potential risks is vital to the job of navigating market instabilities and responsibly managing workers' retirement and pension funds.

Yet this mission is subject to a fierce and coordinated assault from Republicans and some of their far-right donors, who have signaled their intention to carry out these attacks during the upcoming hearings. Efforts to undermine corporate transparency and disclosure directly harm investors and destabilize markets at a moment when the economy faces clear vulnerabilities. The SEC must have the latitude to account for emergent risks that are widely recognized by investors, including risks posed by cryptocurrency, climate change, destructive labor practices, and ballooning and opaque private markets. The SEC's mandate must not be compromised by special-interest political attacks. These attacks decrease investors' access to crucial information about investment risks and opportunities, limit their ability to safeguard investments for the long-term, and invest in a sustainable future.

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- **Congress must aggressively defend one of the SEC's most core and basic mandates: ensuring investors have the information required to assess the full spectrum of risks material to their investments.**
- **Extremist members and their industry allies are trying to force financial actors to ignore a whole slew of financial risks because attention to those risks threatens the viability of their most favored industries and donors. Americans are not fooled by this politicking.**
- **Support for the SEC's proposed rules demonstrates support for hard-working families over powerful corporate donors. Prohibiting the SEC from playing its essential role would endanger workers' financial and retirement security.**

SEC's core mandate: ensure companies tell the truth and disclose known risks

- Proposed common sense disclosure rules by the SEC are critical to investors, retirement plan managers, and pension trustees, who manage funds that millions of working families rely on. The provision of clear, consistent data on material risks is a core mandate of the SEC that must be defended.

- Prohibiting the SEC from undertaking its core mandate will prevent investment managers from fulfilling their fiduciary duty to act in the best interests of their clients and unfairly favor one set of investors over another
- Through rulemaking that addresses existing and emerging risks to investors and the financial system, the SEC is continuing to fulfill its core mandate, just as it has done for nearly a century.

Part of a larger extremist political project

- Across the United States, the far right is waging a political campaign against common sense investment practices. As part of this political campaign, the majority have introduced over 165 pieces of legislation in 37 states, some of which are already exacting great costs on taxpayers and retirees. The bills have faced significant pushback from public pension beneficiaries, retirement system officials, bank and local business associations, and unions.
- Attacks on the SEC – including through legislation marked up by the House Financial Services Committee this past July – are part of this misguided political project to slow irreversible market trends by keeping critical information from investors and fiduciaries.
- Rather than letting investors have access to information about material risks, Republicans are trying to spin a story about "woke capitalism." It is a dangerous distraction meant to force an extremist redefinition of fundamental investment concepts like "fiduciary duty" and "materiality." They are using anti-corporate and anti-elite rhetoric in service of corporations and elites.
- At the same time, heavy crypto industry lobbying (from an industry desperate to demonstrate some utility beyond predatory speculative investment) has spurred Members of Congress to advance legislation in the House that would not only offer crypto investors sub-standard protections, but could undermine nearly a century of established rules of the road for investor protection and oversight, exposing investors who've never touched crypto to lasting harm.
- This new political project is being funded and spurred on by some of the most powerful forces in the dark money machine, including Trump's mega donor Peter Thiel and Leonard Leo, in an attempt to restrain the freedom to invest.

Stand up for working families whose retirement savings are at risk

- Working Americans entrust their savings and retirement security to pension trustees and investment managers. Ensuring those managing Americans' money have consistent and comprehensive data is necessary for protecting families' financial and retirement security.
- By steering companies/investments away from short-sighted and volatile business lines and practices and toward long-term, sustainable growth, pensions can enhance long-term returns. Fund managers can only do this with access to clear, reliable information.
- Limiting the SEC's ability to propose common sense rules is the will of corporate interests that have long attempted to gut the SEC's core mandate. These are many of the same wealthy corporate interests who have for years attempted to erode the power of workers and slow climate action.

Key Topics and Background Material on Proposed Rules

1. ***Climate***
2. ***Private funds and markets***
3. ***Cryptocurrency***
4. ***Human capital management, executive compensation, and other rules***