



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

February 2, 2016
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 1675 – Capital Markets Improvement Act of 2016

(Rep. Hultgren, R-IL, and 8 cosponsors)

The Administration strongly opposes H.R. 1675. Among other flaws, this bill includes several provisions that pose risks to investors, are overly broad, allow financial institutions to avoid appropriate oversight, and are duplicative of existing administrative authorities.

Title III, entitled Small Business Mergers, Acquisitions, Sales, and Brokerage Simplification, is overly broad and would eliminate registration requirements for merger and acquisition (M&A) brokers engaged on a transaction for any privately held company with gross revenues up to \$250 million, thus exempting deals of significant size, and for businesses far bigger than the local small businesses the bill purports to aid. Moreover, the legislation is duplicative insofar as the Securities and Exchange Commission (SEC) has already taken administrative action to exempt certain M&A brokers from broker-dealer registration without hindering the agency's ability to protect investors.

Additionally, Title IV, entitled Small Company Disclosure Simplification, would exempt certain publicly traded companies from requirements to file machine-readable financial statements. Open data disclosure systems benefit investors, issuers, and the public, increasing transparency of publicly traded companies by making their filings more easily accessible. Impeding regulators' ability to use 21st century technological tools to regulate markets and protect investors is contrary to the SEC's mission.

Lastly, Title V, entitled Streamlining Excessive and Costly Regulations Review, would require the SEC to periodically review all of its existing significant regulations and determine by Commission vote whether each regulation is outdated, among other requirements. These requirements are unnecessarily duplicative, wasteful and costly. The SEC already complies with the Regulatory Flexibility Act and is encouraged, under Executive Order 13579, to review rules to assess whether they are outdated or excessively burdensome. Requiring a review and full Commission vote on every major rule every 10 years under full Administrative Procedure Act-style requirements would severely hinder the SEC's ability to monitor markets and protect investors.

If the President were presented with H.R. 1675, his senior advisors would recommend he veto the bill.

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