

MEMO# 13172

February 20, 2001

INSTITUTE TESTIFIES IN SUPPORT OF SEC FEES REDUCTION AND STAFF RETENTION LEGISLATION

[13172] February 20, 2001 TO: BOARD OF GOVERNORS No. 11-01 FEDERAL LEGISLATION MEMBERS No. 2-01 PRIMARY CONTACTS - MEMBER COMPLEX No. 14-01 PUBLIC INFORMATION COMMITTEE No. 6-01 RE: INSTITUTE TESTIFIES IN SUPPORT OF SEC FEES REDUCTION AND STAFF RETENTION LEGISLATION On February 14, 2001, the Senate Committee on Banking, Housing, and Urban Affairs held a hearing on legislation sponsored by Senate Banking Committee Chairman Phil Gramm (R-TX) and Committee member Chuck Schumer (D-NY) to reduce the fees collected by the Securities and Exchange Commission (SEC). In addition, the "Competitive Market Supervision Act of 2001" (S. 143), will allow the SEC to raise staff compensation to levels comparable to other federal financial regulators. Acting SEC Chair Laura Unger testified in support of the legislation. The Institute, in a written statement submitted for the hearing, expressed its strong support for S. 143. The Institute's statement is attached. The SEC will collect more than \$2 billion in fees during the current fiscal year, far more than its \$422 million budget. S. 143 will eliminate this unnecessary tax on investors by reducing fees collected by the SEC to an amount commensurate with the SEC's appropriated budget. In addition to ensuring that the SEC is provided adequate financial resources to fulfill its regulatory responsibilities, S. 143 will better enable the SEC to attract and retain qualified staff. House Financial Services Committee Chairman Michael Oxley (R-OH) has stated that legislation to reduce securities fees is a key priority of his committee. It is anticipated that legislation will be introduced in the House of Representatives shortly. We will inform you of further developments. Matthew P. Fink President Attachment 2 Attachment (in .pdf format)

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