

March 12, 2021

Allison Herren Lee
Acting Chair
U.S. Securities and Exchange Commission
100 F St NE
Washington, D.C., 20549

Dear Acting Chair Lee,

On January 20, 2021, President Biden issued an executive order (EO) directing federal agencies and executive departments to freeze certain regulations pending review. As an independent agency, the Securities and Exchange Commission (Commission) should resist the political pressure to comply with the EO in order to best serve its mission – to protect investors; maintain fair, orderly and efficient markets; and facilitate capital formation. Indeed, former SEC Chair Mary Jo White emphasized the importance of the SEC’s independence stating, “the agency does not report or answer to the White House or any part of the administration.”¹ To be clear: compliance with the EO would call into question the Commission’s status and structure as an independent agency.

In particular, I am concerned about the effect of any regulatory freeze on necessary changes to the Regulation Crowdfunding rules.² As I have communicated with the Commission on multiple occasions, the burdensome and prescriptive nature of Regulation Crowdfunding has stalled capital formation and investment opportunities. This complexity has prevented small business from accessing much needed capital for too long and hindered the development of innovative products and services. Further delaying these needed changes will only hurt market participants actively working to comply with the finalized amendments and will impede opportunities for small businesses.

The improvements made to Regulation Crowdfunding will ensure that crowdfunding can be better utilized as intended by the JOBS Act of 2012. I urge the Commission to uphold its independence and provide continuity for America’s entrepreneurs, small businesses, and startups that are critical to our strong economic recovery.

¹ See Mary Jo White, Speech on Importance of Independence at 14th Annual A.A. Sommer, Jr. Corporate Securities and Financial Law Lecture, Fordham Law School (Oct. 3, 2013), *available at* <https://www.sec.gov/news/speech/spch100113mjw>.

² See Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets, Securities Act Rel. No. 10884 (Nov. 2, 2020).

MAXINE WATERS, CA
CHAIRWOMAN

United States House of Representatives
Committee on Financial Services
Washington, DC 20515

PATRICK McHENRY, NC
RANKING MEMBER

Sincerely,



PATRICK McHENRY
Ranking Member
Committee on Financial Services

cc: The Honorable Caroline A. Crenshaw
The Honorable Elad L. Roisman
The Honorable Hester M. Peirce