

Regulatory Reform/Global Competitiveness

The global competitiveness of the U.S. capital markets needs to be one of this Committee's highest priorities. Many reports, including the Treasury Department's Blueprint for a Modernized Financial Regulatory Structure, have addressed modernizing our 1930's regulatory structure to meet today's 21st century financial markets. The Emergency Economic Stabilization Act (EESA) requires the Congressional Oversight Panel, and the Secretary of the Treasury, to submit reports on regulatory modernization and oversight of financial market participants. Legislative and regulatory changes are necessary to maintain our competitive standing and America's financial services leadership role.

The Committee must hold hearings to carefully examine Treasury's recommendations, and the findings of the EESA reports, to consider ways to eliminate inefficiencies and areas of overlap. For example, split regulatory oversight and congressional jurisdiction over securities and futures markets makes very little sense in a 21st century economy. If Congress is serious about America remaining the financial services leader, we must encourage increased dialogue between the regulators, and revisit the issue of combining the SEC and the CFTC.

The current financial crisis has also demonstrated other key areas that will need to be considered, including:

- Maintaining a framework in which individual firms can fail while the system continues to function-ending the "too big to fail" notion that has turned the taxpayer into the financial backstop of banks, and
- Ensuring firms strike the right balance between risk and leverage in order to protect investors.