AMERICA'S SMALL BUSINESS SUMMIT
U.S. CHAMBER OF COMMERCE

Vibrant, Healthy Capital Markets Are Critical to Economic Growth

The financial crisis has starkly exposed the shortcomings of current market regulations and underscores the urgency of intelligent reform.

We Must Strengthen U.S. Capital Markets for Entrepreneurs and ALL Investors

- Our common fundamental objective should be to create a forward-looking, coherent regulatory structure that closes gaps, minimizes future systemic risk, and ends duplicative rules—while guarding against senseless regulations that wrongly attempt to eliminate risk taking and innovation from the capital formation process.

- Band-Aid solutions that will cause long-term harm to the economy are the wrong answer. We should not reward individuals or companies that made bad business bets, and Congress should not allow opportunistic special interests to take advantage of our economic crisis.

The U.S. Chamber Is Leading the Effort to Strengthen Capital Markets and the Economy

- The U.S. Chamber's Center for Capital Markets Competitiveness (CCMC) is dedicated to maintaining and advancing America's global leadership in capital formation by supporting capital markets that are the most fair, efficient, and innovative in the world.

- CCMC will concentrate on streamlining and strengthening the outmoded regulatory systems that govern our capital markets guided by the following principles:

    - **Establish Systemic Oversight—**Management of systemic risk, whether through the creation of a new regulator within the Federal Reserve Board or through formalization of the authority and powers of the President's Working Group on Financial Markets, should adequately address risk to the financial systems at both the domestic and global levels.
    - **Promote Comprehensive and Sound Regulation—**The weakness and inefficiencies in the U.S. and global regulatory systems exposed by the current crisis demonstrate the need for modernization of the regulatory system. This means not only eliminating regulatory "dead zones" but also reforming duplicative, overlapping, and contradictory regulations.
    - **Enhance Transparency and Market Integrity—**Information is the lifeblood of free and efficient capital markets. Regulators need current and continuous information about the firms, products, and services they regulate. Similarly, investors need access to material information that is clear, reliable, and comprehensive.
    - **Provide Meaningful Investor and Consumer Protections—**Restoring the trust and confidence of investors, consumers, and workers in the private sector, financial institutions, and the capital markets is critical to economic recovery. This requires strong consumer and investor protections from fraud and malfeasance, as well as a reemphasis on providing products and services that benefit consumers and the marketplace.
    - **Maintain Innovation—**The current crisis revealed shortcomings in management, oversight, and regulation of innovative financial products and technology. However, any effort to address these shortcomings should preserve sufficient regulatory and management flexibility and the necessary tools to keep pace with innovation.
    - **Develop Sound Enforcement Mechanisms—**We need to create a more unified approach to regulatory agency enforcement of securities, banking, and insurance rules and regulations, and wrongdoers should be investigated and punished in a timely manner, without excessive overlap among state and federal regulatory and enforcement authorities.
    - **Build Robust International Cooperation**—Capital flows are global and regulation needs to reflect this. Severe problems in one or a few economies can cause all economies and financial markets to decline at the same time, magnifying problems and losses. Avoiding these problems requires better international

coordination, consistency in regulatory standards, and the promotion of interoperable regulations to protect markets and investors while maintaining open, competitive capital markets and an efficient global free flow of capital.

- **Prevent Harm to Small Businesses**—One size fits all solutions can place small and medium size businesses at a competitive disadvantage. By identifying potential unintended consequences, we can help to prevent small and medium size businesses from incurring collateral damage due to legislative and regulatory changes to our financial system.