

July 27, 2021

The Honorable Maxine Waters
Chairwoman
U.S. House Committee on Financial Services
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Member
U.S. House Committee on Financial Services
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Member McHenry,

We write in opposition to H.R. 4618, the *Short Sale Transparency and Market Fairness Act*, legislation that would impose unprecedented and unnecessary government overreach in financial markets that would harm retirees and the broader U.S. economy. While the latest version of this legislation contains some minor improvements from earlier versions, we remain concerned that this proposal would have significant, negative impacts on the economy.

H.R. 4618 would expand reporting mandates under Section 13(f) of the Securities Exchange Act of 1934 to require monthly reporting of investments held by investors and asset managers, including derivatives, security-based swaps, and other financial instruments that provide immense value to millions of Americans, including through public pensions and charities. The bill would sharply increase the frequency of filings from quarterly to monthly, while reducing the time to prepare filings from 45 days after the end of a quarter to 10 days after the end of the month.

These mandates would undoubtedly increase market volatility, increase costs for ordinary investors, and harm investment returns, which will be borne not by Wall Street “fat cats,” but by everyday Americans from all walks of life. The bill would also require President Biden’s Securities and Exchange Commission to undertake rulemaking on the disclosure of short selling, a commonly used tool that helps the markets operate effectively and efficiently and deters the build-up of asset bubbles.

This legislation is entirely unnecessary as there are measures to enhance transparency in the security-based swaps market are set to go into effect later this year. It is irresponsible to even consider sweeping new regulations without first allowing the existing rules to take effect. Additionally, we believe that expanded public disclosure of proprietary information required in the legislation is a dangerous step that will misallocate capital in the markets as investors would mimic strategies of their competitors instead of making investments that will benefit their investors.

Instead of meddling in the markets with unprecedented, unnecessary, and harmful mandates, Congress should work to reduce regulatory burdens on investors, retirees, and pensioners. For these reasons, we urge all members to oppose H.R. 4618, the *Short Sale Transparency and Market Fairness Act*.

Sincerely,

Americans for Tax Reform
Council for Citizens Against Government Waste
Taxpayers Protection Alliance
Pegasus Institute
Center for Individual Freedom
National Taxpayers Union

CC:

House Speaker Nancy Pelosi
House Minority Leader Kevin McCarthy