

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

NEIL L. BRADLEY  
EXECUTIVE VICE PRESIDENT &  
CHIEF POLICY OFFICER

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September 18, 2019

The Honorable Maxine Waters  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Waters and Ranking Member McHenry:

The U.S. Chamber of Commerce writes regarding the following bills that the Committee is expected to consider during the markup to be held on September 18.

**H.R. 4335, the 8-K Trading Gap Act of 2019**

The Chamber believes it is important to root out bad actors from capital markets, and that the existing insider trading law already covers the activity that this bill seeks to target. However, the changes made to the bill, including the use of press releases, make it more workable and easier to implement. We appreciate the leadership of Representative Carolyn Maloney to resolve many of the concerns we expressed on previous versions of this legislation.

We look forward to continuing to work with Representative Maloney and the Committee as H.R. 4335 advances through the legislative process.

The Chamber **opposes** the following bills.

**H.R. 4242, the Greater Accountability in Pay Act of 2019**

Much like the “pay-ratio” disclosure required under Dodd-Frank, this legislation would require disclosure in reports filed with the SEC of a metric that provides no material information to investors. Instead, this disclosure seems intended to shame companies, which court rulings have determined would violate the First Amendment.

**H.R. 4329, the ESG Disclosure Simplification Act of 2019**

Companies should continue to be afforded flexibility in how they choose to report Environmental, Social, or Governance (ESG) information. H.R. 4329 would move away from this approach by requiring the reporting of ESG information in SEC mandated reporting through prescriptive “one size fits all” reporting requirements that would fail to provide more meaningful material information to investors.

**H.R. \_\_\_\_\_, to amend the Securities and Exchange Act of 1934 to allow for the SEC to seek and Federal courts to grant restitution to investors and disgorgement of unjust enrichment**

Disgorgement is a penalty that should be subject to a five year statute of limitations, which would help encourage the SEC to bring enforcement actions more quickly with stronger evidence while also stopping fraud earlier on. While this bill has improved from the original version by eliminating restitution and implementing a statute of limitations on disgorgement, the Chamber remains opposed.

**H.R. 4320, the Corporate Management Accountability Act of 2019**

This bill's disclosure requirements would not address — and could potentially compound — the problem of shareholders bearing the costs of corporate penalties, such as through stock price decreases. We believe the SEC should use cost-benefit analysis to carefully consider the true costs of fines and penalties, so that shareholders do not bear a double penalty brought on by corporate fines and the dip in stock price those fines often cause. We believe this approach would more effectively protect shareholders.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a large, stylized flourish at the end.

Neil L. Bradley

cc: Members of the Committee on Financial Services