

OFFICE OF

SENATOR WILLIAM PROXMIRE

WISCONSIN

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Senator William Proxmire (D-Wis) said Tuesday that the Securities and Exchange Commission (SEC) has failed to carry out a Congressional mandate to reduce the paperwork burden on small business firms.

Proxmire is the Chairman of the Senate Banking Committee, which has jurisdiction over the SEC.

In a statement from his Washington office, Proxmire said:

“The SEC is one of the best regulatory agencies we have. It has a reputation for honesty and integrity. It has played a major role in exposing corporate corruption at home and abroad. At the same time, the SEC is not above criticism, especially for the staggering paper work burden it imposes on small businesses.

“The SEC requires U.S. companies to file up to 23 different reports with the Commission. The cost of all this paperwork exceeds \$100 million a year or double the SEC’s budget. Some of these reports may be justified; however, much of the cost is passed on to consumers in the form of higher prices.

“The large corporations and brokerage firms may be able to afford the extra paperwork required by the SEC. Unfortunately, many of the smaller firms cannot. Some of these firms in Wisconsin and elsewhere are suffocating in a sea of red tape.

“Smaller securities dealers are vital to the securities industry and to our economy. They have been especially active in raising capital for small business firms. Often [

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“For these reasons, I have been concerned about the paperwork and other regulatory burdens imposed on smaller firms by the SEC. I introduced an amendment to the Securities Act of 1975 requiring the SEC to report on the effect its rules and regulations are having on small securities firms; the steps it has taken to reduce paperwork burdens on smaller firms; and its efforts to help assure the continued participation of smaller securities firms in the U.S. securities market.

“The SEC’s latest report does not carry out the Congressional mandate. It does not discuss the effect of any of its new rules on smaller securities firms; it does not discuss what effect the country’s economic problems may be having on smaller securities firms; it does not even indicate how many small securities firms there are and whether the number increased or decreased over the last year.

“How can the SEC say it is reviewing the effects of its regulations on smaller firms when it does not even have an accurate profile of the securities industry? We certainly need to protect investors but at the same time, we should not be putting small firms out of business through regulatory over-kill.

“The Commission should take seriously its Congressional mandate to reduce the burden on small business. It should begin an immediate crash program for simplifying its paperwork requirements. It should stop nit-picking registration statements and develop streamlined procedures for smaller firms. And it should review the impact of its [

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