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October 01, 2021

U.S. Securities and Exchange Commission
100 F Street, NE
Washington DC 20549-1090
Attn: Ms. Vanessa A. Countryman

Re: File No. S7-10-21

Dear Ms. Countryman:

I am writing in response to the Securities and Exchange Commission's (SEC) September 01, 2021 request for information (RFI) and public feedback regarding the digital engagement practices (DEPs) of broker-dealers and investment advisers. The SEC issued this solicitation for market participants, including individual investors, to share their views and experiences related to these tools and practices in order to help the Commission determine whether the current regime regulating DEPs appropriately allow the agency to meet its statutory mission of protecting investors and maintaining fair, orderly, and efficient markets. I am concerned that the SEC has failed to take appropriate steps to engage and seek input from the millions of everyday investors most directly acquainted with and impacted by these practices.

As the SEC noted in its RFI, the widespread adoption of innovative technology and digital platforms by broker-dealers and investment advisers has made investing and trading in securities more accessible to a broader number of people than ever before. As someone who believes that U.S. capital markets are one of the most powerful and transformative drivers of economic growth, job creation, and wealth accumulation in the world, I have applauded these revolutionary changes to the industry that have resulted in a younger and more diverse group of Americans reaping the benefits of stock ownership – many of them for the first time.

During a recent Senate Banking Committee hearing, SEC Chairman Gensler and I discussed how significantly the retail investment landscape has evolved over the last few decades and found that we both strongly agree on one point in particular: increased retail investor participation is a good thing for America.

However, these claims ring hollow when the SEC acts to solicit comments to inform potential rulemakings that could substantially impact the way millions of retail investors interact with the market and then makes no meaningful attempts to engage with and seek feedback from the this group. Admittedly, the SEC did include a series of thoughtful and detailed questions for retail investors specifically seeking the type of data an agency *should* take into consideration when approaching any potential rulemaking. Unfortunately, the 30 day comment window for this RFI provides an extremely limited opportunity for most main street investors to share their perspectives.

This approach stands in stark contrast to the concerted efforts former SEC Chairman Clayton took to center the focus of the agency's mission on these everyday investors - Mr. and Ms. 401(k). Under his leadership, the SEC took repeated steps to proactively engage these stakeholders and used that information to ensure that the regulatory regime was appropriately tailored to allow retail investors to safely and affordably access the advice or products needed to meet their investment goals.

Given the cursory attempt to collect public comments from market participants on this issue, I am concerned that the SEC has entered this process with a predetermined view on the use of DEPs and a fully formed plan for how these tools and practices should be regulated. I strongly urge the Commission against pursuing any changes to the existing ecosystem – which the average retail investor benefits from more than at any other point in history – without a thorough data collection process and careful consideration of retail investor input.

Sincerely,

Tim Scott
United States Senator

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