

ALL THE EARTH'S BROTHERHOODS ARE BROTHERS  
TRINIDAD OUR [COURTESY MUST BE] REFINED OUR RITE  
THE PLEAS AND THE NATION, AND THIS MEANS  
THE BROTHERS OF A WORLD RESPECTIVE

INJUSTICE ANYWHERE IS A THREAT TO JUSTICE EVERYWHERE  
CAUGHT IN AN INSEPARABLE NETWORK OF MULTITUDE, BEING IN  
A SINGLE EXPERIENCE OR EXISTING, WHATEVER AFFECTS  
ONE DIRECTLY AFFECTS ALL INDIRECTLY

October 24, 2023

Chairman Gary Gensler  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chair Gensler:

The Martin Luther King Jr. Memorial Foundation was established in 2012 after the official opening of the Martin Luther King Jr. Memorial on the national mall. The Memorial Foundation has two major programs, the Social Justice Fellow Program and Global Youth Leadership Conference that are geared towards uniting emerging leaders and empowering them to mobilize and lead in their communities around issues such as improving the lives and conditions of marginalized people and increasing diversity and inclusion in places and spaces that often exclude minorities. These programs are designed to improve the lives of participants with opportunities to increase self-awareness, wealth building, financial literacy and grassroots organizing.

We appreciate the opportunity to comment on the SEC's proposed rule regarding "Conflicts of Interest Associated with the Use of Predictive Data Analytics by Broker Dealers and Investment Advisers" (the PDA Rule). Policymakers and regulators must balance potential threats posed by emerging technologies, such as artificial intelligence and machine learning, with the benefits that technology (both basic and advanced) provide to consumers and investors. The Memorial Foundation is concerned that the SEC's PDA Rule does not strike the right balance. More specifically, like many other commenters, we fear the PDA Rule could limit the ability of financial firms to offer many beneficial technologies that have helped open the stock market up to millions of Americans, including record numbers of minority investors.<sup>1</sup>

The students of the Memorial Foundation are uniquely shaped by their culture, community, and experiences. The Memorial Foundation believes that our financial markets should evolve to meet

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<sup>1</sup> See <https://www.bloomberg.com/opinion/articles/2020-09-21/stock-investors-are-younger-and-more-racially-diverse>.

the needs of a new, younger, and more diverse generation of investors who will lead and shape the future. Equipping this generation with the tools for financial success should be a common goal of legislators, regulators, market participants, and other stakeholders. We know that lack of access to the financial system has exacerbated the wide racial wealth gap in this country. The SEC must do its part to reverse this trend. Unfortunately, the Memorial Foundation is concerned that the PDA rule, like other recent SEC proposals, may do more harm than good.<sup>2</sup>

The Memorial Foundation urges the SEC to advance evidenced-based regulations that protect investors while also allowing for private sector innovations that help drive financial inclusion and close the racial investing gap. We are concerned that the PDA rule proposal is based on a fundamentally flawed analysis and is overly broad, targeting (and potentially eliminating) many technologies that have created greater efficiencies in finance by expanding access to underserved communities. The Memorial Foundation fundamentally believes that the benefits of technology and innovation in the retail investing space – including commission-free, no account minimums trading, fractional shares, more widespread investor education, and easy-to-use mobile interfaces – must be preserved with appropriate regulatory guardrails, rather than villainized and driven out of the industry. To the extent the SEC is concerned about advanced technologies like AI, it should conduct a rigorous review to understand how these technologies work and may be affecting investor behavior, and whether existing rules are sufficient to protect investors. Only after conducting this review should the SEC consider additional, more targeted regulations to address the effects of AI and other emerging technologies.

The Memorial Foundation is also concerned that, as acknowledged by the SEC itself, the PDA Rule could hurt the ability of smaller firms, including minority-owned financial services businesses, from entering and competing in the market.

For the reasons set forth above, the Memorial Foundation respectfully requests that the SEC revisit its expansive and unwarranted approach to rulemaking in this area. We urge you to consider an approach that would limit the disproportionate impact on communities of color and instead provide opportunities for increased engagement with appropriate protections for investors.

Sincerely

  
Harry E. Johnson, Sr.  
President/CEO



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<sup>2</sup> See <https://www.sec.gov/comments/s7-31-22/s7311475201138251-326339.pdf>.