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Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, Northeast
Washington, D.C. 20549
USA

RE: File No. S7-36-11. Request for Information on Retrospective Review of Existing Regulations

Thank you for the opportunity to submit comments on behalf of Public Citizen, a national nonprofit organization with over 225,000 members and supporters.

The Securities and Exchange Commission's ("Commission") existing retrospective review process under section 610(a) of the Regulatory Flexibility Act requires the Commission to review each of its rules that has become final within the past ten years. Public Citizen believes that this process should not be modified to provide for more frequent reviews. In addition, Public Citizen strongly urges the Commission to postpone retrospective reviews of existing regulations until it has met the urgent need for strong financial regulations in wake of the 2008 financial crisis.

Public Citizen urges the Commission to continue its existing statutory requirement to conduct retrospective reviews of existing regulations every ten years, rather than initiating a new review process on a more frequent basis. The ten year timeframe allows the Commission to assess more thoroughly both the benefits and costs of the regulation as well as stakeholder compliance with the regulation over the previous ten years. Allowing for a shorter period of review, for example every five years, could potentially distort the Commission's assessment of compliance with a regulation, since compliance costs are typically greater in the initial years after a regulation is introduced as industry adapts to the new regulation. Additionally, more frequent reviews, without a corresponding increase in the agency's budget, could result in less thorough, and ultimately, less informed Commission decisions.

The Commission's top priority must remain to protect investors, maintain fair, orderly, efficient and stable markets, and facilitate capital formation. As part of its mission to protect investors, the Commission's time is justifiably very focused on the efficient and effective implementation of strong financial reform regulations. The implementation of the reforms found in the Dodd-Frank Wall Street Reform and Consumer Protection Act is critical to protecting both the public and investors by providing measures to assure a sound and stable financial system and to prevent another economic collapse.

Thus, the Commission should take care not to hinder or delay new rulemaking efforts by burdening agency staff with retrospective review of existing regulations. Agency staff with limited time and resources should not be preoccupied with what is, at best, a matter of secondary concern. Although

identifying and removing outdated and inefficient regulations is sensible in theory, in practice the results from retrospective reviews recently conducted by executive agencies have been modest and underwhelming. According to Cass Sunstein, Administrator of the Office of Information and Regulatory Affairs, the elimination of regulations identified by the retrospective review process will yield up to \$10 billion in savings across all executive agencies over the next five years.¹ This pales in comparison to the annual net benefits of major federal regulations, which, according to the most recent Office and Management and Budget report to Congress, ranged from \$70 billion to \$593 billion over the past 10 years.² Any delay in implementation of strong financial regulations will perpetuate a deregulated financial system that cost the U.S. economy 11 million jobs, \$237 billion in bailouts, and trillions of dollars in investment losses.³

In sum, Public Citizen believes that the current retrospective review process should not be altered considering the Commission's responsibility, first and foremost, to protecting investors and the public. Given the importance and urgency of the Commission's implementation of strong financial reform regulations, Public Citizen recommends that the Commission delay ongoing or pending retrospective reviews until it has completed its rulemakings under the Dodd-Frank law.

Sincerely,
David Arkush



Director

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Regulatory Policy Advocate

Public Citizen's Congress Watch Division

¹*Eliminating Job-Sapping Federal Rules through Retrospective Reviews – Oversight of the President's Efforts.*, 112th Cong. (2011) (Statement of Cass Sunstein) available at http://smbiz.house.gov/UploadedFiles/Sunstein_Testimony.pdf

² OFFICE OF MGMT. & BUDGET, EXECUTIVE OFFICE OF THE PRESIDENT, DRAFT 2011 REPORT TO CONGRESS ON THE BENEFITS AND COSTS OF FEDERAL REGULATIONS AND UNFUNDED MANDATES ON STATE, LOCAL, AND TRIBAL ENTITIES available at http://www.whitehouse.gov/sites/default/files/omb/legislative/reports/Draft_2011_CBA_Report_AllSections.pdf.

³ Barbara Butrica, Karen E. Smith, & Eric Toder, How Will the Stock Market Collapse Affect Retirement Incomes? 1 (The Urban Institute, Older Americans' Economic Security Report No. 20, 2009), available at http://www.urban.org/uploadedpdf/411914_retirement_incomes.pdf.