

United States Senate

May 2, 2017

The Honorable Jay Clayton
Commissioner
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Commissioner Clayton:

Congratulations on your confirmation as Commissioner and designate Chair of the U.S. Securities and Exchange Commission (SEC). As you take on this critically important role, I would like to extend a formal invitation to visit Montana and see firsthand the ingenuity of the state's business community and the local impact of SEC policies that encourage capital formation for job creation.

I encourage you to implement and champion policies that complement the entrepreneurial spirit found in Montana. According to the Small Business Administration, over 99 percent of businesses in the state are small businesses. As you know, many small businesses have tremendous growth prospects but oftentimes face constrained growth opportunities due to the high costs associated with accessing public capital markets.

While I was encouraged by the passage of the Jumpstart Our Business Startups (JOBS) Act in 2012 and the SEC's issuance of the final Crowdfunding Rule on October 30, 2015, I believe much more work remains to be done to enhance the final rule. Last Congress, I introduced the Crowdfunding Enhancement Act, legislation that would allow a crowdfunding issuer to raise funds with more ease and reduce financial requirements for mandatory public filing. I encourage you to review the Crowdfunding Rule for opportunities to encourage entrepreneurship and job creation, and I look forward to introducing this legislation again this Congress. By making the appropriate changes, we can better encourage business growth and job creation in places like Montana.

In addition, I encourage you to provide appropriate oversight to the Securities Investor Protection Corporation (SIPC), specifically as they adjust assessment rates on broker-dealers from post-crisis levels. Since the most recent assessment rate increase was implemented on a fixed date, the subsequent reduction should also become effective on a fixed date to give fair treatment to industry participants, including those in Montana. By imposing the rate change effective for fiscal years beginning after January 1, 2017, the SIPC has caused disparity across the industry, disadvantaging broker dealers who have fiscal years ending after January 1st. Swift action to address this imbalance will bring fairness and a level playing field to those in the

industry.

Please consider me a working partner in your efforts to reduce the regulatory burden on small businesses, increase their global competitiveness, and develop sustained economic growth. I look forward to collaborating together in the near future.

Sincerely,

A handwritten signature in blue ink that reads "Steve Daines". The signature is written in a cursive style with a large, stylized "S" at the beginning.

STEVE DAINES
United States Senator