



William Francis Galvin
Secretary of the Commonwealth

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**Secretary of the Commonwealth William F. Galvin
Commends Mary Schapiro on her years as S.E.C. Chairman;
Congratulates Commissioner Elisse Walter as New S.E.C. Chair**

As the chief securities regulator for Massachusetts, I wish to recognize and commend the accomplishments of Mary Schapiro during her tenure as Chairman of the U.S. Securities and Exchange Commission.

Chairman Schapiro came to an S.E.C. that was demoralized by dwindling budgets and an array of opponents, and that was in the midst of the process of dealing with the most severe financial market crisis in living memory. Her skilled and pragmatic leadership helped to rebuild an agency that was not performing up to its own historic standards, and not meeting the challenges and demands of the modern markets.

While the Massachusetts Securities Division has at times differed with the Commission on policy and rulemaking issues, particularly on investor protection issues, we recognize the leadership Chairman Schapiro provided at a difficult time. The financial crisis required the Commission to rethink its mission under modern market conditions. Chairman Schapiro was instrumental in simplifying and streamlining the structure of the S.E.C., and in the creation of new divisions, such as the Office of Risk, Strategy and Financial Innovation to address new instruments and practices in the financial markets. The Commission has also faced an unprecedented responsibility for technical rulemaking in the wake of several financial services bills, particularly the Dodd-Frank Financial Reform Act. While much of that work has been accomplished, the rule making process is ongoing.

I congratulate Commissioner Elisse Walter on the occasion of her designation as the new S.E.C. Chair. We applaud President Obama's choice of such an experienced and capable Commissioner as Ms. Walter to lead the S.E.C. forward.

I urge Ms. Walter, in her capacity as Chair, to give the protection of investors, particularly retail investors, the highest priority.

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We urge Chairman Walter to continue the process of streamlining and restructuring the S.E.C. to meet the challenges of rapidly evolving markets and to most effectively use the Commission's resources. The Commission has made substantial progress in removing an elaborate and time consuming approval process for the S.E.C. to even commence investigations of suspected financial wrongdoing. We hope Chairman Walter will accelerate these reforms.

We urge Chairman Walter to protect the interests of retail investors as the Commission does its rulemaking under the JOBS Act. In particular, crowdfunding has the potential to assist early stage businesses, but it also may be exploited by fraud operators. The Commission should design the crowdfunding rules with particular care.

Important work remains to be done with respect to rulemaking under the Dodd-Frank Act. It is a key purpose of that Act that all providers of financial advice to investors should be true fiduciaries. We urge that the fiduciary standard not be watered down to maintain current industry practices, but that the Act's purpose of protecting investors must be upheld in the S.E.C.'s rules.

Dodd-Frank called for a reform and overhaul of dispute resolution between investors and brokers. The current system of mandatory pre-dispute arbitration has been widely and appropriately criticized as a forum where the securities industry is protected and investors do not receive fair treatment. This system is overdue for fundamental reform. We urge the Commission to bring fresh thinking to an area that has for too long been tied to the prerogatives of the brokerage industry.

I commend outgoing Chairman Schapiro for her noteworthy service in the face of historic difficulties. I look forward to working with Chairman Walter and the other S.E.C. Commissioners on the challenges of financial regulation. The U.S. markets will regain and sustain their preeminence if they are markets where all participants will be protected and treated fairly.

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