

## MEMORANDUM

**To:** Members of the Committee on Financial Services

**From:** FSC Majority Staff

**Date:** June 23, 2014

**Subject:** June 26, 2014, Subcommittee on Capital Markets and Government Sponsored Enterprises Hearing Entitled “Oversight of the SEC’s Division of Trading and Markets”

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The Subcommittee on Capital Markets and Government Sponsored Enterprises will hold a hearing entitled “Oversight of the SEC’s Division of Trading and Markets,” at 9:15 a.m. on Thursday, June 26, 2014, in room 2128 of the Rayburn House Office Building. Stephen Luparello, Director of the Securities and Exchange Commission’s (“SEC”) Division of Trading and Markets, will be the only witness.

### Background

The SEC has a three-part mission: to protect investors; to maintain fair, orderly and efficient markets; and to facilitate capital formation. The SEC currently has five Divisions, 17 Offices, and 11 Regional Offices. The SEC’s Divisions and Offices are based at the SEC’s headquarters in Washington, D.C., and they report to the Chairman. The Division of Trading and Markets is responsible for establishing and maintaining standards for fair, orderly, and efficient markets. The Division of Trading and Markets oversees the primary securities markets participants, including self-regulatory organizations (*e.g.*, stock exchanges, clearing agencies, the Financial Industry Regulatory Authority (“FINRA”), and the Municipal Securities Rulemaking Board (“MSRB”)), transfer agents, credit rating agencies, broker-dealers, and security-based swap dealers.<sup>1</sup>

### Activities of the Division of Trading and Markets

The Division of Trading and Markets’ activities and responsibilities currently include, but are not limited to, a holistic review of equity market structure; rulemaking to insulate securities markets from technical disruptions, known as Regulation Systems Compliance and Integrity or “Reg SCI”; the implementation of the Consolidated Audit Trail

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<sup>1</sup> U.S. Securities and Exchange Commission, “About the Division of Trading and Markets,” [http://www.sec.gov/divisions/marketreg/mrabout.shtml#U4YO1HbmF\\_u](http://www.sec.gov/divisions/marketreg/mrabout.shtml#U4YO1HbmF_u).

Members of the Committee

June 23, 2014

Page 2

to improve SEC and FINRA data collection and oversight of the securities markets; potential discretionary rulemaking under Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) related to the standards of care governing broker-dealers and investment advisers; mandatory rulemaking under Title VII of the Dodd-Frank Act governing the over-the-counter swaps markets; rulemaking to improve standards for certain registered clearing agencies, and the continued oversight of self-regulatory organizations. This hearing will examine the activities of the Division of Trading and Markets.