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## **Trump Executive Order Encourages SEC to Review Cost of Regulations.**

WASHINGTON - President Donald Trump's executive order to decrease regulations and the costs they impose encourages independent agencies like the Securities and Exchange Commission to review their rules, even though the order does not directly apply to them, according to guidance issued Monday.

Trump's order, signed on Jan. 30, mandates executive departments and agencies to repeal two rules for the adoption of every new rule that imposes costs. It requires the savings from the repealed rules to fully offset the costs of the new action, according to the guidance published by the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA).

OIRA makes clear in its guidance that independent agencies are not covered, but notes that "nevertheless, we encourage independent regulatory agencies to identify existing regulations that, if repealed or revised, would achieve cost savings that would fully offset the costs of new significant regulatory actions."

The Jan. 30 executive order is connected to another order Trump signed on Feb. 3 that directs the Treasury secretary to meet with major financial regulators, including the SEC, and report within 120 days on what Dodd-Frank Act provisions are working and not working.

Municipal market participants have consistently said they are concerned about the high cost of implementing and complying with the slew of regulations that the Municipal Securities Rulemaking Board and SEC have adopted over the last several years, many of which implemented Dodd-Frank provisions. The act put non-dealer municipal advisors under a federal regulatory regime for the first time and also made the MSRB responsible for protecting issuers as well as investors.

Bond Dealers of America welcomed the Feb. 3 order as a chance for a "critical reassessment" of Dodd-Frank regulations and the Securities Industry and Financial Markets Association commended the Trump administration for taking the action.

"It is imperative to ensure that our financial regulatory framework does not unnecessarily impede capital formation that drives job creation, economic growth and investor opportunity in this country," SIFMA president and CEO Ken Bentsen said in a release late last week.

The SEC is currently working with only two commissioners, but Trump has nominated Jay Clayton, a Wall Street lawyer, to succeed Mary Jo White as chair. Market participants see Clayton as someone who will work with the Trump administration to focus on deregulation where possible, suggesting he will likely follow the Jan. 30 executive order.

In announcing his nomination of Clayton as SEC chair in early January, Trump said the administration needs to "undo many regulations which have stifled investment in American businesses, and restore oversight of the financial industry in a way that does not harm American workers."

The Senate has yet to schedule a hearing for Clayton but several Senate Republicans have released statements and tweets about successful meetings with the nominee.

## **The Bond Buyer**

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