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U.S. SEC Chair Wants Private Fund Fee Disclosures, Bond Market Transparency - Testimony

WASHINGTON (Reuters) - The chair of the top U.S. securities regulator wants private funds to disclose more information to investors about potential conflicts of interest and the fees they charge, according to congressional testimony published Monday evening.

Gary Gensler, chair of the Securities and Exchange Commission (SEC), also wants to impose greater transparency on the corporate bond, municipal bond and asset-backed securities market, which combined are worth about \$28 trillion, he wrote in the testimony submitted to the Senate Banking Committee.

Gensler will appear before the congressional panel on Tuesday to field questions on his agenda for the regulator.

"I believe we can enhance disclosures in this area, better enabling pensions and others investing in these private funds to get the information they need to make investment decisions," Gensler wrote.

In the bond markets, meanwhile, trading data is often insufficient, causing liquidity crunches during times of stress, which was evident during last year's market turmoil sparked by the COVID-19 pandemic.

"This market is so critical to issuers. It is nearly 2.5 times larger than the commercial bank lending of about \$10.5 trillion in our economy," Gensler wrote in his testimony, without elaborating on the changes he may pursue.

Addressing fund fees and the bond market add to an already jam-packed agenda for the SEC, which is working on new corporate climate change-risk disclosures, cracking down on blank-check company deals, and overhauling several aspects of the U.S. equity market structure.

Also on Monday, Gensler, writing in a Wall Street Journal op-ed, urged Chinese companies to open up their books and records to SEC scrutiny or risk being kicked off U.S. exchanges.

(Writing by Michelle Price; Editing by Leslie Adler)

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