

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

May 8, 2012

The Honorable Bill Cassidy  
U.S. House of Representatives  
1535 Longworth House Office Building  
Washington, DC 20515

The Honorable Theodore E. Deutch  
U.S. House of Representatives  
Washington, DC 20515  
1024 Longworth House Office Building

Dear Mr. Cassidy and Mr. Deutch:

Thank you for your April 13, 2012 letter requesting that the Committee on Financial Services schedule a hearing and markup of H.R. 4002, the "Improving Security for Investors and Providing Closure Act of 2012."

On March 7, 2012, the Subcommittee on Capital Markets and Government Sponsored Enterprises held an oversight hearing to examine the report of the Securities Investor Protection Corporation (SIPC) Modernization Task Force; review pending SIPC liquidations; and consider three pieces of legislation, including H.R. 4002, which seek to amend the Securities Investor Protection Act (SIPA).

The most significant SIPA amendments occurred more than thirty years ago and it is now wholly appropriate for both SIPC and Congress to thoroughly review the law's strengths and weaknesses and the need to modernize SIPC's operations. We must ensure that customers have confidence in keeping cash and securities with a broker-dealer. Any changes to SIPC's governing statute, however, must not create an incentive to commit fraud, force SIPC to borrow against its credit line, mandate that SIPC cover investment loss, or impose a financial burden on SIPC's members or, most importantly, their customers.

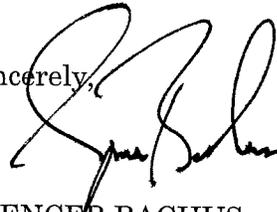
As the Acting SIPC Chairman noted in her March 7, 2012 testimony before the Subcommittee, the SIPC Board will carefully consider the Task Force's recommendations prior to seeking legislative changes. The securities markets are inherently risky and SIPC cannot become the guarantor of all investment losses, because ultimately investors will pay for this increased protection with higher fees and service charges.

As you know, there are ongoing liquidations of Allen Stanford's companies in the United States and Antigua. Additionally, the U.S. Securities and Exchange Commission and SIPC are engaged in litigation to determine if it is appropriate to begin a SIPA liquidation of Mr. Stanford's broker-dealer. While the liquidation proceedings and pending litigation are time-consuming and understandably frustrating to Mr. Stanford's customers, any legislative response would be premature until there is a resolution of the pending liquidations and litigation.

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Thank you again for your letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Spencer Bachus". The signature is fluid and cursive, with a large initial "S" and "B".

SPENCER BACHUS  
Chairman

cc: The Honorable Barney Frank  
The Honorable Scott Garrett  
The Honorable Maxine Waters