



Stop the Coup 2025
a public education and mobilization campaign

Chapter 27: Financial Regulatory Agencies.

Securities and Exchange Commission and related agencies.

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Consumer Financial Protection Bureau.

Author: Robert Bowes. *Bowes is a former banker who worked at HUD in 2017; he was appointed to the US Commodity Futures Trading Commission in 2020.*

This is a two-part chapter: part 1 on the SEC and the CFTC, and part 2 on the CFPB.

The purpose of the SEC, Burton explains, is to administer the laws and regulations governing capital markets and capital market regulators, and to “deter and punish fraud and other material misstatements to investors; foster reasonable, scaled disclosure of information that is material to investors’ financial outcomes and proxy voting decisions; and maintain fair, orderly, and efficient secondary capital markets.” However, he argues, the current regulations are incoherent, and stray from the commission’s focus: “For example, the current SEC has proposed a climate change reporting rule that would *quadruple* the costs of being a public company.”

Such regulations would eventually affect the number of public companies and thus restrict investment opportunities for Americans, he feels. The SEC is mismanaged, even though the Chair has the power to make reforms. Given the current situation, the SEC should undergo drastic reforms: “The Securities and Exchange Commission (SEC) should be reducing impediments to capital formation, not radically increasing them,” he states.

Reforms to improve transparency and reduce ‘unnecessary’ regulations:

1. Establish a simpler securities disclosure system:
 - a. three basic categories of firm: private firms, an intermediate category of smaller firms, and public firms;
 - b. reasonable, scaled disclosure requirements; and
 - c. specified secondary markets for the securities of these firms.
2. Abolish the Public Company Accounting Oversight Board (PCAOB) and Financial Industry Regulatory Authority (FINRA); merge their functions with the SEC.
3. Prohibit any DEI strategies. Writes Burton: “Discrimination based on immutable characteristics has no place in financial regulation. Offices at financial regulators that promote racist policies (usually in the name of “diversity, equity, and inclusion”) should be abolished, and regulations that require appointments on the basis of race, ethnicity,



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sex, or sexual orientation should be eliminated. Equal protection of the law, equal opportunity, and individual merit should govern regulatory decisions.”

Because the SEC’s ultimate goal is to promote entrepreneurial capital formation, the commission should reduce the regulatory burden on issuers, particularly smaller entrepreneurs. Burton offers a series of specific, detailed changes to current regulations and suggests abolishing others to promote entrepreneurship.

The SEC should also reform capital markets:

Proposals:

- ✓ “Prohibit the SEC from requiring issuer disclosure of social, ideological, political, or ‘human capital’ information that is not material to investors’ financial, economic, or pecuniary risks or returns.”
 - “The proposed SEC climate change rule, which would quadruple the costs of being a public company, is particularly problematic.”
- “Repeal the Dodd–Frank mandated disclosures relating to conflict minerals, mine safety, resource extraction, and CEO pay ratios.”
- “Oppose efforts to redefine the purpose of business in the name of social justice; corporate social responsibility (CSR); stakeholder theory; environmental, social, and governance (ESG) criteria; socially responsible investing (SRI); sustainability; diversity; business ethics; or common-good capitalism.”
- “Prohibit securities regulators, including SROs, from promulgating rules or taking other actions that discriminate, either favorably or unfavorably, on the basis of the race, color, religion, sex, or national origin of such individual or group.”

Burton then lays out a series of administrative reforms that would streamline the SEC’s data-gathering, enforcement, and operations, including merging certain offices to reduce redundancy and cutting managerial staff. Congress should then require better reporting about the SEC’s spending, especially on IT.

CFTC administration and improved commodities and derivatives markets:

In terms of commodities, Burton states, some reforms require congressional action.

Congress should:

- ✓ Clarify the definition of “commodity” and include digital assets
- ✓ Amend the Commodity Exchange Act for clarity
- ✓ Make it easier for the CFTC’s chair to remove the Executive Director; and make the CFTC more independent

Other reforms are internal to the CFTC:

- ✓ Change the position limits rule, to make the market less volatile
- ✓ Reduce over-prescriptive regulation; and clarify “Cross-Border” rules



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Both the SEC and the CFTC have been remiss in developing rules to cover digital assets, he states. They should promulgate a joint regulation defining investment of digital assets and they should define the difference between digital assets that are securities and those that are commodities. Finally, Congress and the SEC should enact more oversight of Self-Regulatory Organizations (SROs) such as the Financial Industry Regulatory Authority (FINRA). If FINRA is not abolished and merged into the SEC, then at least its functions (such as enforcement and the imposition of fines) should be made transparent, with full reporting.

Consumer Financial Protection Bureau (Bowes)

Bowes advocates abolishing or severely curtailing the activities of the Consumer Financial Protection Bureau (CFPB). The CFPB was authorized in 2010 by the Dodd-Frank Act as an independent agency without congressional oversight. Its creation arose from regulatory failures that led to the 2008 financial crisis. The CFPB absorbed consumer protection responsibilities previously handled by the Office of the Comptroller of the Currency, Office of Thrift Supervision, FDIC, Federal Reserve, National Credit Union Administration, and FTC.

Today, Bowes charges, the CFPB has “been assailed by critics as a shakedown mechanism to provide unaccountable funding to leftist nonprofits politically aligned with those who spearheaded its creation.” The CFPB, he states, is a “highly politicized, damaging, and utterly unaccountable federal agency,” and is also unconstitutional. He cites a claim made in 2015 by *Investor’s Business Daily* that accused the CFPB of “diverting potentially millions of dollars in settlement payments for alleged victims of lending bias to a slush fund for poverty groups tied to the Democratic Party”. He also accuses the agency of planning anti-discrimination lawsuits and investigations to “bankroll some 60 liberal non-profits, many of whom are radical Acorn-style pressure groups.”

His suggestion? The next president should order immediate dissolution of the CFPB and reverse Dodd-Frank Section 1061. The CFPB’s insulation from Congressional funding renders it independent of, and unaccountable to, Congress and the people, an issue that is currently before the Supreme Court.

Until the CFPB can be abolished, Bowes argues that Congress should:

- ✓ Ensure that civil penalties go into the Treasury;
- ✓ Repeal Dodd-Frank Section 1071 (which over-regulates small businesses, he feels)
- ✓ Require CFPB enforcement actions comply with the Administrative Procedure Act
- ✓ Allow respondents in such actions to elect where adjudication takes place; and specify the nature of “deceptive, unfair, and abusive” practices more precisely.

STC 2025 Commentary: Chapter 27 focuses on reforms of financial regulatory agencies that reflect familiar conservative approaches: some proposed reforms focus on dismantling any regulations that impede what the authors call entrepreneurial capital formation. Put simply, if businesses feel that regulations (on issues such as climate change or social responsibility) are holding them or their profits back, those regulations should be repealed. The



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authors focus in a striking way on DEI issues: they go out of their way to attack any regulations that gather data on, or attempt to rectify, discrimination.

The entire Mandate for Leadership document takes the extraordinary position that to recognize race as a category is *in itself racist*; thus any DEI attempts to promote better understanding of how racial inequality functions in the present day are racist.

The same ahistorical argument is applied to other categories – sex, sexual orientation, ethnicity, etc. The simplistic claim that hiring, for example, should be based on merit alone ignores a wealth of scientific studies that show how “merit” is not a neutral category, but is defined by those already in positions of power. It’s no surprise that the section on the Consumer Financial Protection Agency calls for its abolition; the agency’s role is to protect consumers, rather than businesses, from the kinds of practices that brought on the 2008 financial crisis.

Chapter 27 - Key Points:

- Abolish the Consumer Financial Protection Agency
- Prohibit all DEI programs
- Loosen regulations on businesses and entrepreneurial activities
- Prohibit the SEC from noting whether companies are socially responsible (e.g., on climate change)