



Securities Industry Association

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Dear Member of Congress,

The Securities Industry Association supports the effort to add H.R. 975, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2003 to S. 1920.

H.R. 975, which passed the House by a vote of 315-113 last year, is balanced, bipartisan legislation. The legislation protects consumers and businesses by stopping the abuse of the bankruptcy system by wealthy debtors. Specifically, bankruptcy reform will prevent wealthy debtors from using bankruptcy to wipe out the debts that they can afford to repay, and from passing those debts on to the millions of businesses and consumers who cannot afford to pay someone else's bills.

Bankruptcy reform has never been more needed than now. Bankruptcy filings reached a record 1,577,651 in calendar 2002, up 5.7% from the 1,492,129 cases filed in 2001. Bankruptcy has become the financial planning tool of choice by debtors who can afford to repay some or all of their debts. The recent corporate accounting scandals underscore the need to shift the bankruptcy shield from those who would protect their ill-gotten gains to those who need the safety net and the opportunity to wipe the slate clean.

H.R. 975 corrects a problem in current law which arbitrarily limits the opportunities of bankrupt companies to choose financial advisors. The House-passed bill allows investment banks to compete on the same playing field as other professionals – e.g. lawyers, accountants, and management consultants. The bill assures that bankruptcy judges will have the discretion they need and want to evaluate all professionals against the same standard of disinterestedness. H.R. 975 also provides important protections for netting of financial contracts in the case of bankruptcy.

We urge you to support the addition of H.R. 975 to S. 1920.

Steve Judge
Senior Vice President
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The Securities Industry Association, established in 1972 through the merger of the Association of Stock Exchange Firms and the Investment Banker's Association, brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs more than 800,000 individuals. Industry personnel manage the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2002, the industry generated \$222 billion in domestic revenue and \$304 billion in global revenues. (More information about SIA is available on its home page: www.sia.com).