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Statement of the Securities Industry and Financial Markets Association
Before the Texas Ethics Commission on HB 1295
April 8, 2016

Good morning, my name is Leslie Norwood and I am a Managing Director and Associate General Counsel of the Securities Industry and Financial Markets Association (SIFMA).

As you know, SIFMA is a national trade association which represents hundreds of securities firms, banks and asset managers, many of whom have a strong presence here in Texas.

I testified before the Commission on February 1, 2016 regarding the challenges financial services firms were having regarding the implementation of HB 1295, which had just become effective on January 1, 2016.

As I described, while filling out the forms required under this new law, financial services firms and their counsels had differing interpretations on a number of terms in the statute and the rules, causing confusion and different levels of disclosure across industry members.

SIFMA and its member firms are appreciative of the proposed definitions and clarifications, and think that these clarifications will aid industry members in completing their forms correctly, succinctly, and uniformly. We believe that these clarifications, as published in the Texas Register and as proposed in today's meeting materials, aid in the collection of information that the statute intended to make transparent.

If I may, we have two remaining issues that we feel could benefit from your clarification.

At the end of your insertion in the definition of "controlling interest", we would appreciate the addition of ", or their wholly owned subsidiaries". The intent here is that the names of the highly compensated individuals of a public company's wholly owned subsidiary is potentially highly divisive and private within that company. There is no intent to obscure any of the subsidiaries "finders" or "intermediaries", if any. If that change is not acceptable to you, an alternative solution is that financial services firms would prefer to disclose all of the executive officers of the contracting subsidiary of the public company, rather than the names of the four officers most highly compensated.

Your amended definition of "contract" is helpful, but we would appreciate the insertion of the word "written" in between "enforceable" and "agreement". Again, this would clarify that oral agreements, such as brokerage and investments, were not intended to be included within the scope of the rule.

Again, we greatly appreciate your assistance in clarifying the issues that have been addressed and your consideration of these two remaining issues.

I thank you for your time and consideration, and am happy to answer any questions you may have.

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