



# House Committee on Financial Services

Michael G. Oxley (OH), Chairman



News

## Opening Statement

### Chairman Michael G. Oxley

#### Committee on Financial Services

Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises

**Recovery and Renewal: Protecting the Capital Markets Against Terrorism Post-9/11**  
**February 12, 2003**

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The issues discussed today – chiefly, the level of preparedness for a major disruption of the nation's financial market system – are critical ones for this Committee and the nation. Ensuring the continued health and operation of our nation's financial marketplace in the event of an emergency – such as the attacks of September 11 – must be a top priority for financial regulators and industry as participants.

After the terrible events of 9/11, the markets closed for the longest period since World War I. Heroic efforts were made by many to re-open all of the equities markets for trading less than a week later.

For example, the SEC – under Harvey Pitt's calm and steady leadership – did an outstanding job of temporarily easing certain regulatory restrictions, thus facilitating the successful reopening of the markets.

Everyone agrees that the Commission's actions helped to increase liquidity and promote much-needed stability. Tomorrow, this Committee will consider legislation enhancing the authority of the SEC to act in similar situations. Currently, the Commission's emergency authority is unnecessarily restrictive. Legislation, introduced by Congressman Garrett of New Jersey, gives the SEC the appropriate authority to effectively respond to future emergencies.

Shortly after 9/11, I asked the GAO to investigate the markets' response to the attacks, whether market participants were adequately prepared, and what could be done to improve preparedness going forward.

I call on all parties involved to work together for the common interest. For example, if it is not the case today, I urge everyone to ensure the availability of adequate backup facilities. That cannot be emphasized enough.

I want to commend the GAO for completing this comprehensive study. We will also hear from the SEC, which is here to discuss regulatory efforts in the aftermath of September 11 to ensure that market participants are better prepared for another emergency. I look forward to hearing what actions they have taken in the past year.

On the second panel, we will hear from the two largest stock exchanges and the principal trade associations for the securities industry. The Bond Market Association will discuss a pending proposal on trading halt authority over a segment of the over-the-counter debt markets, namely the municipal markets. I look forward to hearing their concerns and working with them to provide legal certainty for the markets on the matter of emergency trading halt powers for over-the-counter debt markets.

I'd like to thank all of today's witnesses and commend them for their hard work.

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