



**Americans for Financial Reform**  
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March 9, 2015

Ms. Mary Jo White  
Chair  
Securities and Exchange Commission  
20 F Street NE  
Washington DC 20549

Dear Chair White,

The fair and efficient operation of our stock market is of great importance to individual and institutional investors, as well as to our nation's broader economic prosperity. Unfortunately, there are growing perceptions that the stock market is not serving the interests of long-term investors. Those perceptions are based on excessive complexity and fragmentation in the marketplace, unhealthy levels of competition that result in conflicts of interest and race to the bottom practices by market participants, predatory practices by high frequency traders, and a lack of transparency in the marketplace due to the growth in dark pool trading.

For the Commission's equity market reform efforts to have the credibility necessary to counter those perceptions, the Commission must seek to include the broadest range of perspectives possible. Yet, it appears that valuable and eminently qualified voices are being shut out from the conversation, as evidenced by the exclusion of Economics Nobel Laureate Joseph Stiglitz from the Commission's Equity Market Structure Advisory Committee.

Press reports suggest that Professor Stiglitz's exclusion is a result of unwillingness on the part of the Commission to include views that may be different from those of financial services firms and their supporters in Washington. This is extremely troubling, especially when those views are espoused by individuals with deep expertise. Professor Stiglitz has an unmatched understanding of how financial markets function and how they intersect with the real economy. He would have added significant value to the Advisory Committee.

Professor Stiglitz has spoken in support of a small tax on financial transactions as an effective means of preventing predatory high-frequency trading, an issue that concerns the Commission and the Advisory Committee. It would be particularly disturbing if the exclusion of Professor Stiglitz from the Advisory Committee was driven by a desire to censor views on this issue. A financial transaction tax is clearly a serious and legitimate policy option for limiting or possibly eliminating predatory trading practices. Such a tax is currently being adopted in the

European Union, and is a part of a significant tax and budget proposal from the Ranking Member of the House Budget Committee, Representative Van Hollen.

No doubt the Advisory Committee includes market structure experts who have a great deal to contribute. However, by excluding Professor Stiglitz from the panel, the Commission has demonstrated that it is not as inclusive as it has proclaimed or as it should be. As a result, the Commission has undermined the Committee's work and the Commission's broader market structure reform efforts. We strongly urge you to reconsider the decision to exclude Professor Stiglitz, and at the very least to explain publicly the process by which you arrived at this choice.

Sincerely,

AFL-CIO

AFSCME

Alliance for a Just Society

Americans for Financial Reform

Center for Effective Government

Consumer Action

Main Street Alliance

Mercer Bullard, Professor Law, The University of Mississippi School of Law

Public Citizen

U.S. PIRG

