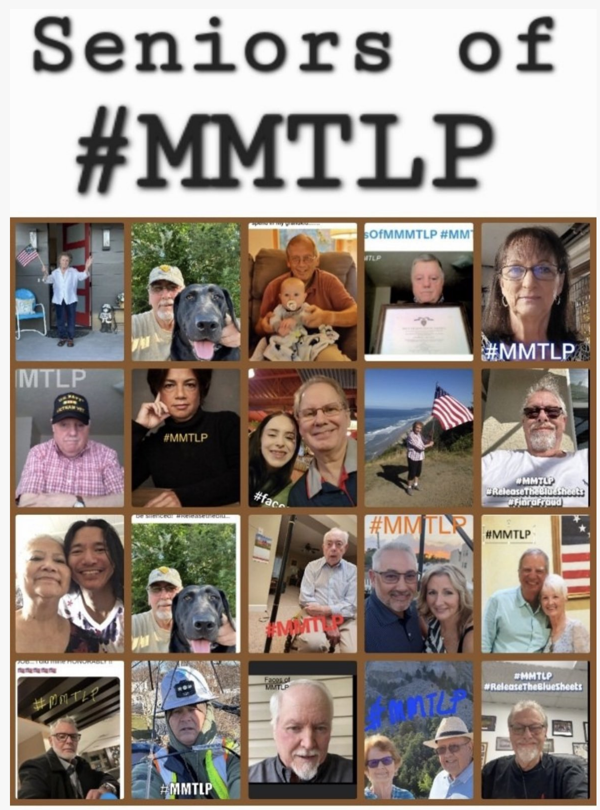
Overhauling SROs in Capital Markets: Unveiling Conflicts and Advocating for Reform

Fair Markets Now advocates for Self-Regulatory Organization reform, highlighting congressional committees probing SROs to protect investors & market integrity.



MMTLP Shareholder Seniors

MIAMI, FLORIDA, USA, December 14, 2023 /EINPresswire.com/ -- Fair Markets Now, a non-partisan advocacy group, is spotlighting the imperative need for [comprehensive reforms within Self-Regulatory Organizations (SROs)]() operating in the capital markets. This matter has gained significant attention following the recent congressional hearing titled "Examining the Agenda of Regulators, SROs, and Standards-Setters for Accounting, Auditing."

The examination at the congressional hearing, coupled with the SEC's "Concept Release Concerning Self-Regulation," has illuminated underlying issues within SROs, primarily focusing on conflicts of interest and the "revolving door" phenomenon.

This call for reform is particularly pertinent today, as the rise of digital trading platforms like Webull, Robinhood, and E-Trade has democratized access to capital markets. This transformation has drawn millions of first-time investors into the market, emphasizing the critical importance of market integrity and fairness.

The stakes are high, as countless Americans have their retirement savings and financial futures intertwined with 401(k)s and similar programs connected to these markets. Ensuring that the regulatory framework is fair, transparent, and accountable is vital to safeguarding all market participants' financial stability and prosperity.

The Revolving Door and Conflicts of Interest:

Fair Markets Now's report delves deep into the pervasive issue of the "revolving door," where individuals seamlessly transition between roles in regulatory bodies and the industries they oversee. This practice raises concerns about impartiality and the effectiveness of market oversight, potentially compromising market integrity.

MMTLP Shareholder Heroes

The SEC's concept release echoes these concerns, emphasizing the urgent need for more robust regulatory mechanisms to prevent conflicts of interest.

Fair Markets Now underscores the inherent conflict of interest within SROs using an analogy akin to a scenario where a police officer, sworn to uphold the law, simultaneously engages in criminal activities. This situation inherently undermines their ability to administer justice impartially.

Similarly, when individuals in SROs move between regulatory roles and positions within the industries they regulate, it raises serious questions about their ability to enforce rules and regulations impartially.

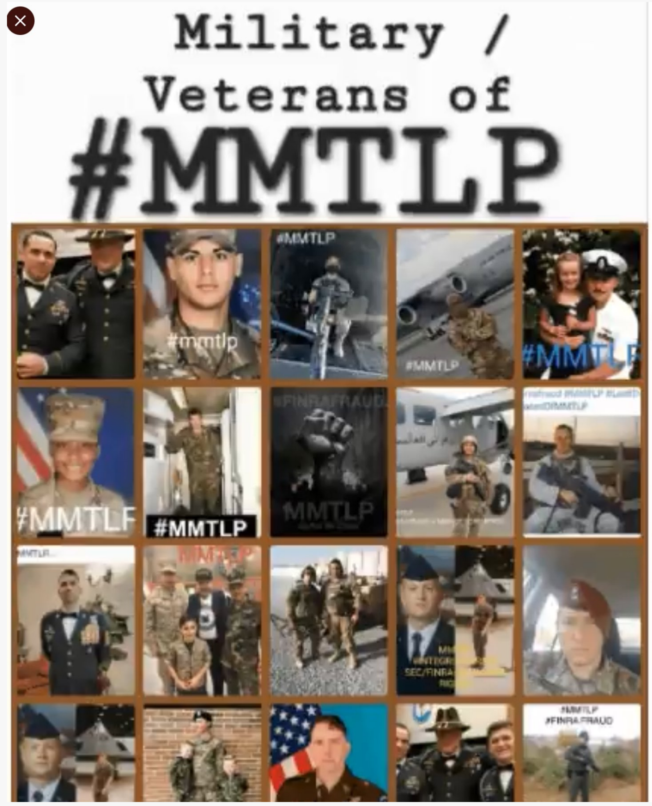
The MMTLP Issue and SRO Ineffectiveness:

> "FINRA's claim of absolute immunity in legal challenges adds to the complexity, blocking any remedy for investors and underlining a critical gap in investor protection and regulatory accountability."
>
> *Fair Markets Now*

Highlighting the Importance of SRO Reform: The recent experiences related to MMTLP underscore the need for a comprehensive review of the effectiveness of Self-Regulatory Organizations (SROs) like FINRA. These incidents have brought to light significant concerns within the regulatory framework. Shareholders have expressed questions about transparency and the commitment to investor protection in cases like MMTLP, which faced trading disruptions. The need for accountability and clear communication from regulatory bodies remains a key focus, as investors seek to protect their interests.

Accountability and Executive Oversight:

Fair Markets Now underscores concerns about the lack of direct accountability of SROs like FINRA and the SEC to voters, as highlighted during the congressional hearing. The immunity claim in critical situations creates roadblocks for shareholders seeking justice, underscoring the need for enhanced oversight.



MMTLP Shareholder Veterans

Dialogue during the hearing also highlighted the complex challenges SROs face in a globalized market, emphasizing the urgent need for reform to protect investor interests effectively.

Proposing Structural Reforms:

Mitigating Conflicts of Interest: The proposed reforms aim to dismantle the growing dependence of SROs on large member firms for funding, ensuring regulatory actions are not influenced by these entities' financial clout.

Enhancing Oversight and Transparency: Reforms include increasing transparency in regulatory processes, expanding oversight capabilities, and improving authority to enforce compliance domestically and internationally.

Aligning SRO Actions with Public and Investor Interests: Revisions to rules and guidelines prioritize investor protection and market integrity over business interests.

The Time for Reform Is Now:

Fair Markets Now emphasizes the urgent necessity for a thorough overhaul of the Self-Regulatory Organizations (SROs) framework. A revamped system is vital for ensuring a robust, transparent, and equitable financial market environment.

This need for reform is not just theoretical; it's practical. It is imperative to restore trust, ensure market integrity, and protect the interests of all market participants, especially retail investors.

Call to Action:

Fair Markets Now calls on readers, stakeholders, and concerned citizens to actively engage in this critical discussion and support the movement for reforming SROs. Together, we can create a financial system where regulations are effectively enforced, conflicts of interest are mitigated, and every investor has a level playing field.

References:

On Tuesday, December 12, at 2:00 p.m. (ET) Subcommittee on Capital Markets Chair

Wagner and Ranking Member Sherman will host a hearing entitled, “Examining the Agenda of Regulators, SROs, and Standards-Setters for Accounting, Auditing.”
Examining the Agenda of Regulators, SROs, and Standards-Setters for Accounting... (EventID=116638)
https://www.youtube.com/watch?v=aduHWUfuLJg&t

SECURITIES AND EXCHANGE COMMISSION
Concept Rule
Concept Release Concerning Self-Regulation
https://www.sec.gov/rules/2004/11/concept-release-concerning-self-regulation#:~:text=This%20release%20examines%20a%20number,%2C%20its%20shareholders%3B%20(2)

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