UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

THE CHAIR

May 23, 2013

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

Dear Senator Franken:

Thank you for your April 26, 2013 letter regarding the financial service industry's use of mandatory arbitration clauses in customer service agreements. I share your view that this is an important issue that impacts many investors and warrants serious consideration.

As you allude to in your letter, the Commission has been working on a number of mandatory rulemakings and studies required by the Dodd-Frank and JOBS Acts. Section 921 of the Dodd-Frank Act amended the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 to provide the Commission with authority to conduct rulemaking, under certain circumstances, to prohibit or impose conditions or limitations on the use of agreements that require customers or clients to arbitrate any future disputes arising under the federal securities laws or related rules or regulations. Although not among the mandated rulemakings, Commission staff currently is studying whether and, if so, how and under what circumstances they would recommend that the Commission consider using this authority. The staff also is reviewing all letters received from the public regarding this authority, including any received in connection with the March 2013 Commission release soliciting comment on, among other things, the benefits and costs of investment advisers' and broker-dealers' methods of dispute resolution, including arbitration. I look forward to reviewing the staff's recommendations in this important area.

Thank you again for sharing your concerns with me. Please do not hesitate to call me at (202) 551-2100, or have your staff contact Tim Henseler, Acting Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010 if you have any further questions regarding this matter.

Sincerely,

Mary Jo White

Mary Jo White
Chair