In testimony before the Senate Banking, Housing, and Urban Affairs Subcommittee on Economic Policy this afternoon, AAF President Douglas Holtz-Eakin discusses financial markets, in general, and, in particular, the role of private equity firms.

His key points:

- Financial markets serve key economic functions such as intermediation between savers and investors, allocation of capital, diversification of risk, separation of ownership and management, pricing return and risk, and others;
- Participants in financial markets have myriad business models – banks, insurance companies, pension funds, hedge funds, private equity, etc. – to undertake these functions; legal, regulatory, and tax policies should be as neutral as possible with respect to the choice of business models; and
- The Stop Wall Street Looting Act violates this basic dictum, discriminating against public equity firms, damaging the outlook for the private equity industry and the economy as a whole.