Thank you for the privilege and opportunity to speak before you today.

My name is Nomi Prins.

I am a former managing director of Goldman Sachs. Before that, I ran the international analytics group as a senior managing director at Bear Stearns in London. I've also held positions at Lehman Brothers and the Chase Manhattan Bank.

After years on Wall Street, the levels of greed, unparalleled influence and unethical practices in the industry caused me to step away. Since then, I have worked to uncover the manner in which the global economy and our financial system has become so unequal, unjust, and fractured.

In 2008, two of the investment banks that I had once worked went bankrupt and saw their risky bets and bad practices nearly tank the global economy. Those banks no longer exist. However, the economy remains on edge.

Today, nearly a decade and a half later, we sit at another precipice of grave risk. Asset management behemoths and private equity institutions have amplified the distortion in financial markets. The magnitude of their influence over securities and companies has no historical comparison. Their unfettered access to policymakers and major institutions spans the world. These new financial giants are leaving smaller market participants from all parts of the economic spectrum exposed to concentrated systemic risk and diminished representation.

Yes, it is true that Wall Street banks remain as powerful and influential as ever.

But now, asset management firms, with trillions of dollars at their disposal, have become more influential than governments and the regulatory entities responsible for keeping them in check.

It is important to understand that at the top of this financial hierarchy stands BlackRock. The financial goliath manages $10 trillion in assets. That's more money than the size of any other country's GDP besides China or the United States. BlackRock's meteoric rise has seen its assets triple since 2012, and nearly double from only 5 years ago.

The world's largest asset manager acts as a money manager, private equity fund, institutional investor, trading software platform, and government partner.

What's truly made it untouchable is its ability to produce and attract capital to Exchange Traded Funds or ETFs. ETFs are attractive because they offer intraday liquidity for both buyers and sellers in financial markets. But what the shock from the early days of the pandemic in 2020 showed us was that frenetic ETF activity can intensify panic in the markets. Quick outflows executed in bulk can exacerbate a falling market, which can hurt those that can afford it least, the most.

Ultimately, leveraging its government connections, BlackRock was awarded a no-bid contract to manage the Federal Reserve's corporate bond buying program. The contract allowed BlackRock the opportunity to essentially support its own investment grade bond ETFs in the midst of a pressurized environment.

BlackRock and its executives had access to confidential information and the ability to formulate business decisions for themselves and their large clients. No other institution in the world has or had such access during or since that crisis.

Currently, BlackRock, Vanguard, and State Street manage more than $22 trillion in global assets. For comparison U.S. GDP stands just shy of $24 trillion. The asset management industry has only grown more concentrated at the top over the last decade.

These Big Three dominate the market. Their growing stranglehold on U.S. equity participation provides them greater chances to hold veto power or directly influence business strategies for nearly all major corporate decisions.

As these institutions expand further into the world of private equity, their ability to dictate corporate control and outright ownership in every sector of the economy will have a greater human cost. Private equity business practices are largely designed to extract capital, not build it. As a result, small businesses and communities caught in the private equity crossfire will come under greater control of big finance that puts cost and job cutting ahead of worker stability.

Today, BlackRock and these other institutions have expanded to such a magnitude that they effectively are the market. This represents a monopoly sort of influence over competition, assets, and transactions. It elevates the systemic risk that the global financial system faces.

This renders everyday people, retail investors, workers and anyone with a 401(k)-retirement plan exposed to the risk that these massive trillion-dollar institutions pose. These individual shareholders of ETFs or other funds, seeking to invest their hard-earned money in the markets and build for retirement, have had their ability to obtain a seat at the table reduced.

By creating a shareholder pass through structure, similar to the kind that Wall Street has used for decades, we can strive to even the playing field and reduce the immense power of mega money managers. This would enable participants invested in ETFs or other funds to hold shareholder rights with respect to the corporations in which these vehicles are invested. Currently, these rights are retained by the asset management companies themselves.

We should enact policies focused on reducing the sheer size and concentration of asset-management institutions and private equity firms to establish a more efficient, transparent, and equitable marketplace. The risk of corporate wrong-doing, fiscal mishaps, unfair tax advantages, and conflicts of interest is too great to ignore. So is the possibility of extreme price movements due to the leverage and trading patterns of these mammoth asset management institutions. Our financial stability and security depends on addressing this.

Thank you.