

OVERSIGHT OF THE SECURITIES AND EXCHANGE COMMISSION

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OVERSIGHT OF THE SECURITIES AND EXCHANGE COMMISSION

Wednesday, February 11, 2026

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:02 a.m., in room 2128, Rayburn House Office Building, Hon. J. French Hill [chairman of the committee] presiding.

Present: Representatives Hill, Lucas, Sessions, Huizenga, Wagner, Barr, Williams of Texas, Loudermilk, Davidson, Rose, Steil, Timmons, Stutzman, Meuser, Kim, Donalds, Fitzgerald, Flood, Downing, Haridopolos, Moore, Waters, Velázquez, Sherman, Meeks, Lynch, Green, Cleaver, Foster, Vargas, Gottheimer, Gonzalez, Casten, Pressley, Tlaib, Torres, Garcia, Bynum, and Liccardo.

Chairman HILL. The Committee on Financial Services will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time.

Today's hearing is entitled, "Oversight of the Securities and Exchange Commission."

Without objection, all members will have 5 legislative days within which to submit extraneous materials to the chair for inclusion in the record.

I now recognize myself for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM ARKANSAS

Good morning. I want to welcome my longtime friend and our chairman of the Securities and Exchange Commission (SEC), Chairman Atkins, and thank him for joining us today.

The SEC's mission is clear: To protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. At its core, this mission is about fostering public confidence in our markets. These are not suggestions. They are not partisan preferences. They are the statutory mandates enacted by Congress.

Unfortunately, during the Biden Administration, the SEC strayed from this mission. Instead of focusing on its core mandate, the Commission pivoted toward politicized rulemakings that stretched far beyond the bounds of those core statutory authorities.

A great disappointment, former Chair Gary Gensler, we witnessed a Commission that relied frequently on regulation by en-

forcement rather than transparent rulemaking. We saw attempts to embed political and social objectives into securities regulation, all at the expense of American investors and small business owners.

The consequences of this approach speak for themselves. Coupled with crushing compliance burdens, these policies accelerated the shrinking of our public markets. Since 2021, the number of publicly listed companies in the United States dropped by 10 percent.

Leading entrepreneurs found their capital for growth in private markets, delaying opportunities for America's individual investors, small institutions, our unions, our 401(k) plans, to have more investment choices and that cutting-edge innovation was driven offshore by often regulatory uncertainty.

That is why in December, the House advanced the Incentivizing New Ventures and Economic Strength Through Capital Formation (INVEST) Act. This strongly bipartisan legislation is designed to reignite our capital markets by cutting red tape, empowering entrepreneurs and small businesses, and expanding investment opportunities for all of our citizens.

I want to commend Chairman Atkins for his efforts to reverse the prior rulemakings that hindered capital formation, and for steering the Commission back onto those fundamental enforcement responsibilities. These actions align with committee Republicans' commitment to foster efficient, transparent, and innovation-friendly markets that protect investors, provide regulatory clarity that markets need, particularly in emerging areas, such as digital assets.

It is imperative that Congress provide a functional and durable framework for digital assets. We look forward to sending a market structure bill to the President's desk in 2026.

Today, we will examine recent actions taken by the SEC and provide members with the opportunity to address any questions or concerns regarding the Commission's current trajectory. We will also assess the SEC's approach to digital asset regulation, examine steps being taken to depoliticize the proxy access process, and to review internal reforms of the Commission itself.

Our shared goal is straightforward: A marketplace where investors have the information and protections that they need to participate with confidence, and where American businesses can access capital to innovate, expand, and create new opportunities for both jobs and investment.

I look forward to hearing from Chairman Atkins, and I yield back the balance of my time.

I now recognize the ranking member of our committee, Ms. Waters from California, for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. MAXINE WATERS, RANKING MEMBER OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM CALIFORNIA

Ms. WATERS. Thank you very much, Mr. Chairman. You and I have a very different understanding about what is happening at the SEC.

Chairman Atkins said, "It is a new day for the SEC." What did he mean? Did he really mean that this SEC is now putting Wall Street and billionaires first and America's investors last?

Since his tenure began, Chairman Atkins has withdrawn 14 major proposals that would have protected retail investors, dismissed cases and investigations against Trump's crypto billionaire friends, paired back corporate disclosures that provide the public with critical information, moved to let private equity dump their failing investments into unsuspecting investors, restricted shareholders' ability to influence the companies they own, halted the SEC's defense of the climate disclosure rule, even as the wildfires in California show there are material risks, and cut SEC staff by roughly 20 percent.

At the same time, the President, along with his family and closest advisers, continue to enrich themselves through what appear to be insider trading, self-dealing, and in both the equity and crypto markets.

The SEC, under Chairman Atkins, has yet to investigate a single instance of the potential large-scale fraud and market abuse being brazenly carried out by this administration and its allies.

The SEC is also supposed to be an independent Commission, free from political influence. At his confirmation hearing, Chairman Atkins said: "I want to take politics out of financial markets." Yet, in many of his public speeches, he has repeatedly pledged his loyalty to Trump more than 16 times. That is remarkable for the head of a supposedly independent agency.

Additionally, today, the SEC does not have a single Democratic commissioner. Again, this is extraordinary and the SEC is not making policy in an open and bipartisan manner with the usual public notice and comment process. Instead, Atkins' SEC appears to take its orders directly from the President and avoids public comment at all costs.

None of this should come as a surprise. Over the past year, the executive branch and Congress, under Republican control, have become nothing more than a rubber stamp for carrying out Donald Trump's personal agenda.

From his arbitrary and inflationary tariffs to the use of public office to enrich himself and his friends through corrupt dealmaking to the weaponization of the Department of Justice (DOJ) against political enemies to repeated attempts to undermine the midterm elections, to sending his own personal brown shirt-style Army into our communities that have killed Americans, and terrorized our cities and towns.

It is clear: The Federal Government no longer functions for the people and by the people. It functions solely for Trump, and by Trump.

By not enforcing the rule of law against the President and his friends or openly engage in graft and corruption. Chairman Atkins is aiding and abetting this reckless and unlawful agenda.

Chairman Hill, it certainly is a new day at the SEC; a Wall Street and billionaire holiday.

I yield back.

Chairman HILL. The gentlewoman yields back.

The chair recognizes the chair of our Capital Markets Subcommittee, Ann Wagner, for 1 minute for an opening statement.

**STATEMENT OF HON. ANN WAGNER, CHAIRWOMAN OF THE
SUBCOMMITTEE ON CAPITAL MARKETS, A U.S. REPRESENT-
ATIVE FROM MISSOURI**

Mrs. WAGNER. Thank you, Mr. Chairman, and welcome, Chairman Atkins. It is good to see you again.

First, I want to thank you for putting capital formation back at the top of the Commission's priorities. Your new pro-growth addenda will make it easier for companies to go public, increase investor opportunities, and support innovation and entrepreneurship throughout the United States.

My bipartisan INVEST Act will cement that work. We are giving the American people more investment options. We are giving American small businesses the ability to expand. We are getting big government out of Main Street's way. Our bipartisan reforms in the INVEST Act and your regulatory reforms at the Commission could not be more aligned, and I thank you for your partnership in these efforts and more.

I yield back.

Chairman HILL. The gentlewoman yields back.

I recognize the ranking member of our subcommittee on Capital Markets, Brad Sherman of California, for 1 minute for an opening statement.

**STATEMENT OF HON. BRAD SHERMAN, RANKING MEMBER OF
THE SUBCOMMITTEE ON CAPITAL MARKETS, A U.S. REP-
RESENTATIVE FROM CALIFORNIA**

Mr. SHERMAN. Mr. Chairman, a lot of people are concerned about the reduction of the enforcement staff at the SEC because they are concerned about the honesty of our capital markets and the role they play in the economy but others, I think, are concerned about how your cutting back of that enforcement could lead to the impoverishment of our President, Donald Trump.

You see, the way it is supposed to work is you are supposed to begin the investigations of those who are defrauding our investors. Then those who are likely to face criminal or civil penalties have to buy a lot of Trump coin. This then leads to hundreds of millions of dollars of profit for Donald Trump.

We saw this with Justin Sun. We will see this with the Winklevoss brothers, Brad Garlinghouse, Mr. Shou, but it all starts with you and so, I would urge you to reinvigorate your enforcement. Catch those who are defrauding investors and make sure that Donald Trump can make hundreds of millions of dollars each and every month.

Thank you.

Chairman HILL. The gentleman yields back.

I would like to recognize myself for a point of personal privilege.

I want to thank two of our senior leaders here at the House Financial Services Committee that have served so well both the committee and our members. First, our counsel, Kyle Smithwick, started with the Financial Services Committee as an oversight counsel before quickly taking the reins of the subcommittee.

He served as the committee's general counsel for Former Chairman McHenry. We were lucky to have him on our team this Congress, and I appreciate his commitment to our robust agenda over

this past year. We wish him the best when he goes to the U.S. Treasury Department.

Last but not least, Brooke Nethercott is also departing the committee this week. Brooke served as our committee's deputy communications director. She has been integral to my team for several years in which we have made significant progress on a lot of my policy agendas.

She was my communications director for the Second District in Arkansas, and her energy and passion for Arkansas, too, is unmatched for somebody from Connecticut. The good news is she is not going too far. She will go work for Chairman Selig at the CFTC as the head of their communications group.

So would you help me recognize these two fine people.

Today, we welcome the testimony of Hon. Paul Atkins, Chairman of the SEC. Chairman Atkins, we thank you for taking time to be with us. You will be recognized for 5 minutes to give an oral presentation of your written testimony. Without objection, your written testimony will be made part of our record.

You are now recognized for 5 minutes.

**STATEMENT OF HON. PAUL ATKINS, CHAIRMAN, U.S.
SECURITIES AND EXCHANGE COMMISSION**

Mr. ATKINS. Well, thank you very much, Mr. Chairman. So Chairman Hill, Ranking Member Waters, and members of the committee, it is a great honor to testify before you today. Thank you for this opportunity to discuss the work of the Securities and Exchange Commission.

Nine months ago, I returned to the SEC with a clear mandate to recommit the agency to our core mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. I am grateful to work alongside dedicated public servants who have hit the ground running in pursuit of these priorities.

America's \$124 trillion capital markets are the deepest and most liquid in the world. They are a marvel of human ingenuity. Yet over the years, rules have multiplied faster than the problems that they were intended to solve.

This Congress and the Trump Administration are focused on bringing down the cost of living for the American people, and the SEC has a very vital role to play in that. For example, public companies spend \$2.7 billion a year to file their annual reports. This is \$2.7 billion that companies are not reinvesting in their businesses to create jobs; \$2.7 billion that our disclosure regime is diverting from your constituents to corporate lawyers, accountants, and consultants.

Now, this is not to say that we want to gut corporate disclosure at all, which is vital, but we must modernize, rationalize, and streamline reports so that they are meaningful, understandable, and not a repellant to investors like this 10-K here from Entergy, which is just shy of 1,000 pages long. After all, how many of you would read through an annual filing that certainly doubles, if not more, "War and Peace?" Disclosure documents of this sort of length can do more to obscure than to illuminate.

For context, shortly after I left the SEC in the mid-1990's, there were more than 78 companies that were registered with the U.S., with the U.S. SEC. By the time I returned as chairman, that figure had fallen by roughly 40 percent. So this trajectory tells a cautionary tale that the SEC is working to rectify, through the three pillars of my plan, to make IPOs great again.

First, re-anchoring disclosures in materiality; second, depoliticizing shareholder meetings; and third, allowing public companies to have litigation alternatives so that we shield investors from the frivolous—innovators from the frivolous and investors from the fraudulent.

I also applaud the bipartisan initiatives before Congress, including those in the Senate's Empowering Main Street in America Act and the House's INVEST Act, to help keep America's capital markets open, dynamic, and above all, worthy of investors' trust.

Of course, I also support congressional efforts to enact the Digital Asset Market Clarity (CLARITY) Act. Upon its passage, the Commission stands ready to implement this landmark legislation. A Federal framework for crypto markets is long overdue. Under Commissioner Hester Peirce's leadership of our crypto task force, SEC staff has provided more clarity in the past year than in the total prior decade, but there is no action that we can take that future-proofs a rulebook more formatively than nonpartisan market structure legislation.

As Congress completes its vital work, CFTC Chairman Mike Selig and I intend to provide a bridge toward legislation. Through our now joint Project Crypto, we will consider a token taxonomy to offer both investors and innovators a clear understanding of their regulatory obligations. We also look to considering exemptions that would allow market participants to move and transact on chain.

Finally, and most fundamentally, capital markets thrive on many factors, but they endure on trust. So the SEC is returning its enforcement program to first principles of rooting out fraud and remedying investor harm.

Since I rejoined the Commission, we have brought enforcement actions to address offering fraud, insider trading, accounting and financial frauds, and breaches of fiduciary duty by investment advisers.

Since the formation of our Cross-Border Task Force in the fall, meanwhile, we have suspended trading in the stocks of 14 Asia-based issuers upon evidence of potential market manipulation. I am working within the securities laws to protect investors from those who seek to use international borders to evade and undermine U.S. investor protections. Markets are global. Investor protection must be as well.

As I said at the outset of this testimony, the SEC is returning to its core mission—

[The prepared statement of Mr. Atkins follows:]

Testimony Before the U.S. House Financial Services Committee | 11 February 2026

Chairman Hill, Ranking Member Waters, and Members of the Committee: It is an honor to testify before you today. Thank you for this opportunity to discuss the work of the U.S. Securities and Exchange Commission.¹

Nine months ago, I returned to the SEC with a clear mandate to recommit the agency to our core mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation. I am grateful to work alongside dedicated public servants who have hit the ground running in pursuit of these priorities.

America's \$124.3 trillion capital markets are the deepest and most liquid in the world, leading both in market capitalization and trading volume. They are a marvel of human ingenuity. Yet over the years, the federal government's natural tendency has asserted itself, and rules have multiplied faster than the problems that they were intended to solve.

This Congress and the Trump Administration are focused on bringing down the cost of living for the American people, and the SEC has a vital role to play. For example, public companies spend \$2.7 billion a year to file their annual reports. This is \$2.7 billion that companies are not reinvesting in their businesses to create jobs. \$2.7 billion that our disclosure regime is diverting from your constituents to corporate lawyers, accountants, and consultants.

Now, this is not to say that we want to gut corporate disclosure, which is vital. But we must modernize, rationalize, and streamline reports so that they are meaningful, understandable, and not a repellant to investors. After all, how many of you would read through an annual filing that rivals *War and Peace*? Disclosure documents of that length can do more to obscure than to illuminate.

As I have stated previously, regulation ideally should be smart, effective, and appropriately tailored within the confines of our statutory authority. Instead, it has made the path to public ownership narrower, costlier, and saddled with rules that can create more friction than benefit.

For context, shortly after I left the SEC in the mid-1990s, there were more than 7,800 companies listed on the U.S. exchanges. By the time that I returned as Chairman, that figure had fallen by roughly 40 percent.²

¹ The views expressed in this testimony are those of the Chairman of the U.S. Securities and Exchange Commission and do not necessarily represent the views of the President, the full Commission, or any Commissioner.

² As of September 30, 2025, there were 4,761 exchange-listed companies.

This trajectory tells a cautionary tale of regulatory creep that the SEC is working to rectify through the three pillars of my plan to make IPOs great again: first, re-anchoring disclosures in materiality so that investment decisions can turn on economic signals rather than on regulatory noise; second, de-politicizing shareholder meetings by restoring their focus to significant corporate matters; and third, allowing public companies to have litigation alternatives so that we shield innovators from the frivolous and investors from the fraudulent. I also applaud the bipartisan initiatives that you are considering in Congress, including those in the Senate's Empowering Main Street in America Act and the House's INVEST Act, to help keep America's capital markets open, dynamic, and, above all, worthy of the trust that investors place in them.

Of course, I also support congressional efforts to enact the CLARITY Act. Upon its passage, the Commission stands ready to implement this landmark legislation. A federal framework for crypto markets is long overdue. Under Commissioner Hester Peirce's leadership of our Crypto Task Force, SEC staff has provided more clarity in the past year than in the prior decade, but there is no action we can take that future-proofs our rulebook more formidably than nonpartisan market structure legislation.

As Congress completes its vital work, CFTC Chairman Mike Selig and I intend to provide a bridge toward legislation. Through our now-joint Project Crypto, we will consider a token taxonomy to offer both investors and innovators a clear understanding of their regulatory obligations. We will also look to consider exemptions that would allow market participants to move and transact on-chain.

Now, as we modernize oversight for digital assets, we must also reassess whether our legacy tools for traditional markets remain appropriately aligned with regulatory need and the public interest, which brings me to the Consolidated Audit Trail (CAT). I have directed SEC staff to conduct a comprehensive review of the CAT, which will consider, among other things, issues related to governance, funding, potential cost-savings measures (including potential retirement of duplicative systems), design, functionality, scope, regulatory use, and security. As the staff undertake this review, I note that the Commission has already taken steps to meaningfully reduce the costs of the CAT system which, when established in November 2016, estimated to total, at the upper end, about \$55 million annually. Thanks in part to an amendment to the CAT NMS Plan approved by the Commission in 2024 and conditional exemptive relief issued by the Commission in 2025, we have reduced the originally-approved CAT budget for 2025—which included approximately \$249 million in annual operating costs—by approximately \$92 million over the course of the year.

The Commission has also recently approved amendments to the CAT NMS Plan with respect to the Customer and Account Information System that self-regulatory organizations (SROs) state would result in an approximately \$7-9 million in cost savings annually. In addition, the SROs recently proposed further amendments to the CAT NMS Plan to implement certain measures that would further reduce costs significantly.

Those cost reductions reflect the SEC's broader commitment to disciplined oversight across our regulatory ecosystem. In January 2026, for example, the SEC approved the Public Company Accounting Oversight Board (PCAOB) budget, totaling \$362.1 million—a 9.4 percent (\$37.6 million) decrease from the prior year, including a 52 percent and 42 percent reduction in the Chairman's and other Board members' compensation, respectively.

As the SEC and the PCAOB often work closely on matters important to our capital markets, I am also pleased that the Commission recently appointed new Board members who bring a wide variety of experiences to their service. When we began the search process, I highlighted the role that the PCAOB plays in serving the public interest by helping to protect the integrity of public companies through oversight of auditing firms, and thus the broader public markets, in a manner that minimizes unnecessary costs for the public companies and broker-dealers who ultimately fund the PCAOB's budget. The newly appointed Chairman and Board Members have already demonstrated a profound commitment to protecting investors and responsible use of such funds by accepting compensation much more in line with the ethos of public service. The Chairman has extensive experience in management of a large organization and examinations work. I am confident that this new Board will usher in a new day at the PCAOB—one of sensible, more effective, and more efficient oversight of auditors.

Finally, and most fundamentally, capital markets thrive on many factors, but they endure on the trust of those who participate in them. Investor protection is at the core of what brings us to work each day. And to fulfill that charge, the SEC is returning its enforcement program to first principles of rooting out fraud and remedying investor harm.

Since I rejoined the Commission last year, we have brought enforcement actions to address offering frauds, insider trading, accounting and financial frauds, and breaches of fiduciary duty by investment advisers. In the fall, meanwhile, we announced the Division of Enforcement's Cross-Border Task Force to strengthen and enhance our efforts to identify and combat cross-border fraud. Since September, we have suspended trading in the stocks of fourteen Asia-based issuers on evidence of potential manipulation designed to artificially inflate the price and volume of the securities. I am working within the securities laws to protect investors from those who seek to use international borders to evade and undermine U.S. investor protections. Markets are global. Investor protection must be as well.

As I said at the outset of this testimony, the SEC is returning to a core mission that remains as vital today as it was when Congress first set it for us over 90 years ago. So, I want to thank this Committee once again for convening today's hearing. I look forward to answering your questions and to our shared work ahead. Thank you.

Chairman HILL. The gentleman's time has expired.

Thank you, Mr. Chairman.

We will now turn to member questions. I will recognize myself for 5 minutes of questions.

You referenced Entergy. We are proud of Entergy, the publicly traded utility that administers power in the State of Arkansas, for example, the thousand pages for a 10-K. You and I both have studied a lot of commentary over the years that Warren Buffett has made about the disclosure systems. I think we both quoted the exact same quote this fall after he issued a letter in November about the proxy.

He said that there were a lot of overlapping rules that had caused the proxy to balloon in size, and really, I think, diminishes some of its informational benefits to shareholders. We compared on the committee 1980, 1990, 2000, 2010, and 2020 proxies for four or five companies that were members of the Dow Jones Industrial Average and the S&P 500 for all of those reporting periods, and they went from 15 to 20 pages to over 300 pages.

What is your guiding force as you look through the regulatory disclosure regime on how we can lower that cost? What is a specific element? You referenced it in your opening statement.

Mr. ATKINS. Well, thank you, Mr. Chairman.

Well, it comes down to materiality. That is the bedrock of the securities laws, and it is written into 10(b), section 10(b) of the Exchange Act. The most important seminal Supreme Court decision was written by Thurgood Marshall back in 1976 where he warned about the danger of information overload where if things are not stuck to materiality, which the Court defined as what a reasonable investor needs to know in order to buy, sell, or hold securities, basically, or vote shares. So that is really the bedrock.

I remember when I was a little boy, my father going through annual reports and whatnot, proxy statements. Back then, one could do that, and I really challenge anyone—I cannot even—sitting here lift this more than two reams of paper.

Chairman HILL. Thank you for that.

So in addition to that, I think corporate governance has really seen a big change since you were on the Commission last time in the early 2000s in regard to proxy access and how corporate secretaries and boards deal with proxies being solicited for various proposals. Recently, the D.C. circuit court in 2024, a decision in *ISS v. SEC* held that proxy voting advice does not constitute a solicitation under section 14(a) of the Exchange Act, effectively eliminating the Commission's regulatory over-authority of the proxy advisory firms.

This decision creates a significant oversight gap for an industry dominated by just two firms, both of whom happen to be foreign owned, ISS and Glass Lewis, which control 95 percent of the proxy advisory market for institutional investors.

Glass Lewis recently announced it will offer open quote, custom voting frameworks, closed quote, tailored to individual client preferences rather than applying an uniformed policy across all its clients. This pivot raises a fundamental question about conflicts of interest, the methodology, transparency, and whether investors re-

ceiving this advice understand the basis on which it is being provided.

Does the Commission view this new approach as sufficient, or does it underscore the need for a different regulatory direction?

Mr. ATKINS. Mr. Chairman, well, we are definitely looking at this whole ecosystem with respect to corporate governance and shareholder proposals. Part of the problem, I think, with these advisory firms is that they are more a symptom of the underlying problem, and that is the weaponization of shareholder proposals and those government, sort of, framework.

So anyway, so we are actually actively looking at it, and that is part of the three-point program, to try to make IPOs great again and make it cool to be a public company again.

Chairman HILL. If Congress were to amend section 14(a) of the Exchange Act to explicitly cover proxy advisory firms, how would the Commission use that authority? What would be the methodology to have a rigorous standard for transparency?

Mr. ATKINS. Well, I think mostly it is a fiduciary duty and living up to what their standards should be. Both of them now, I understand, are registered as investment advisers. So we have a hook there but again, we are happy to work with you all as you—

Chairman HILL. Do you regret your vote during the first time you were on the Commission about offering a safe harbor for proxy advisory advice?

Mr. ATKINS. Well, actually, I voted no—

Chairman HILL. Did you vote no?

Mr. ATKINS [continuing]. on that rule, and, unfortunately, the safe harbor was the thing that—

Chairman HILL. Yes, my time has expired. Thank you for that discussion.

I now recognize the ranking member for 5 minutes for her questions.

Ms. WATERS. Thank you very much, Mr. Chairman.

Chairman Atkins, on January 15, my colleagues and I sent you a letter detailing our significant concerns about the SEC's dismissal of over a dozen crypto actions. Our concerns are twofold. First, these cases were dismissed, despite the fact that the SEC was winning in court proving that the SEC's crypto enforcement program was well-grounded in the law. Second, that the people who benefited from your about-face were also people who gave millions of dollars to President Trump and his family.

I am most astonished by the case of Justin Sun, founder of the TRON Network. The SEC's complaint alleged, among other things, that Sun engaged in hundreds of thousands of manipulative trades to artificially inflate the price of its crypto token TRX.

In the fall of 2024, a Federal district court judge found that Sun had defrauded TRX investors and that TRX is a security. Despite this holding, this SEC stayed its case against Justin Sun in February 2025 to explore a potential resolution.

Well, while you were exploring a potential resolution, Mr. Sun has been busy ingratiating himself within Trump's orbit. He has invested over \$75 million in the World Liberty Financial tokens and is the top holder of the \$Trump meme coin, which earned him

an invitation to the White House and a special dinner with the President.

Just last week, a person verified to be Mr. Sun's ex-girlfriend stated publicly that she has detailed evidence that Mr. Sun manipulated the price of TRX using fake trading accounts and noted she is willing to provide evidence and testify in support of these allegations.

Chairman Atkins, you have said that under your leadership, the SEC will focus on real fraud. Yes or no, does your statement extend to fraud—

Mr. ATKINS. Yes.

Ms. WATERS [continuing]. in the crypto market?

Mr. ATKINS. I am sorry?

Ms. WATERS. Yes or no, does your statement extend to fraud in the crypto market?

Mr. ATKINS. Well, whatever involves securities.

Ms. WATERS. Okay.

Is the SEC going to continue to prosecute its fraud against Justin Sun? Yes or no?

Mr. ATKINS. Well, I cannot discuss anything about an ongoing case.

Ms. WATERS. Okay. Well, will you commit to giving the committee a confidential briefing on the matter?

Mr. ATKINS. I am happy to talk to the extent I can about matters.

Ms. WATERS. Given that courts have ruled that TRX is a security and, therefore, within the SEC's jurisdiction, do you agree that the SEC has a responsibility to obtain additional evidence offered by Mr. Sun's ex-girlfriend? Yes or no?

Mr. ATKINS. Well, again, I cannot comment on any ongoing matter.

Ms. WATERS. Will you commit today that the SEC will continue to investigate and prosecute fraud even if that fraud entails crypto assets that are securities, such as in the case of Justin Sun and TRX?

Mr. ATKINS. Again, that is our job, is to investigate fraud that involves securities, so wherever it may be.

Ms. WATERS. Well, I want to tell you: You made a commitment. You came in, you talked about how you were going to deal with fraud. It is right before your eyes and we, on this committee, are going to keep on until we get to the bottom of this fraud. So will you give us a confidential briefing on this matter?

Mr. ATKINS. To the extent the rules allow me to do that, so, yes.

Ms. WATERS. I would appreciate that and thank you very much. I yield back.

Chairman HILL. The gentlewoman yields back.

The chair recognizes the gentleman from Michigan, the vice chairman of the Financial Services Committee, Mr. Huizenga. You are recognized for 5 minutes.

Mr. HUIZENGA. Thank you, Mr. Chairman, and good to see you again, Mr. Atkins. I appreciate your time here.

I have got a lot to cover here, but you have been vocal about your efforts to modernize and streamline shareholder disclosures. Amen. Hallelujah. Over the past 20 years, it has become easier for inves-

tors to access and view fund disclosures electronically. E-delivery makes sense. It is seamless and convenient, saves money, reduces waste, and reflects investor preferences.

SEC action on this subject would bring fund disclosures in line with similar e-delivery changes that have been made by the Internal Revenue Service (IRS) and the Financial Industry Regulatory Authority (FINRA) just this year, the Department of Labor in 2020, the Social Security Administration in 2016, and the Federal Retirement System, known as the Federal Thrift Savings Plan, the TSP, did that in 2003, over 20 years ago. So we are subject to that, actually.

So does the Commission plan to engage in rulemaking related to e-delivery?

Mr. ATKINS. Yes, we are actively looking at all of that.

Mr. HUIZENG. Well, I would be remiss if I did not mention that Congress has now moved my bipartisan e-delivery bill, Improving Disclosure for Investors Act twice now through the House, and there is broad support for this issue, so I would encourage you to continue on with that.

Mr. ATKINS. I have instructed the staff to work on that.

Mr. HUIZENG. Well, thank you.

All right. Moving on to another favorite subject of mine, the PCAOB, the Public Company Accounting Oversight Board. As you know, I have advocated for years that the PCAOB should be folded into the SEC. Given the politicization of the board over the years, I think this makes sense.

Under the Biden Administration, the PCAOB issued prescriptive rules that imposed high compliance costs while its budget increased at a rate significantly faster of that of your own SEC with annual salaries of board members exceeding \$.5 million. I was glad to see that the SEC recently approved the PCAOB's budget totaling \$362.1 million, which is a 9.4 percent decrease from the prior year, including a 52 percent and a 42 percent reduction in the chairman's and the other board members' compensation, respectively.

I know that a new board has been recently appointed. What plans do you have that will further streamline the PCAOB?

Mr. ATKINS. Well, so thank you for that.

Yesterday, actually, I swore in the new chairman and new members of the board, so looking forward to their work. They are well-steeped in what it takes and should take to do audits and oversee that. So I really have a lot of confidence in them. We will be working with them very closely to try to work on their—

Mr. HUIZENG. Well, I look forward to hearing more about the plans on how to streamline that.

I have got about 2 minutes left. I want to briefly touch on the SEC climate disclosure rule. As oversight chairman, last Congress I spent a considerable amount of time trying to understand how and why the SEC finalized this overreaching rule. There was litigation, then the rule was voluntarily paused by Chairman Gensler, then Acting Chair Uyeda, under him, the board voted to end defense of the rule. Really, frankly, this has become a mess.

Because of the oversight work our committee did in Congress, we were able to prove that the SEC not only lacked expertise, their own admission, but also the authority to issue climate disclosure

requirements for publicly traded companies. You cited materiality earlier.

Chair Atkins, can you update the committee on the status of the rule and where the SEC plans to go next with it?

Mr. ATKINS. Well, thank you. The rule is stayed, right, and it is before the Eighth Circuit. So, the circuit has sent us a couple of letters, and so we are actively considering our next steps. So but suffice to say that we will be guided by materiality as a standard of how we approach this issue.

Mr. HUIZENG. Again, I would like to explore that more maybe at another time.

Finally, in the last administration, the SEC and the CFTC fined dozens of firms more than \$1 billion for failure to keep records of off-channel communications. Let me remind you, last year, it came to light that the SEC's IT department had supposedly inadvertently deleted a large swath of former SEC Chair Gary Gensler's text messages. Oops.

Do you have plans to propose updated commonsense record-keeping rules that would give firms clear and reasonable guidance with what records they need to keep?

Mr. ATKINS. Yes. We are definitely working on that. I have instructed the staff to do that. The crazy quilt of different standards or different types of market participants like broker dealers, advisers—

Chairman HILL. The gentleman's time has expired.

Mr. ATKINS [continuing]. rating agencies. So we are working on that. Thank you.

Mr. HUIZENG. I will have one more question in writing to submit.

I yield back.

Chairman HILL. The gentleman yields back.

The gentlewoman from New York is recognized, Ms. Velázquez, who is the ranking member of the House Small Business Committee.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Chair Atkins, I would like to follow up on the Ranking Member Water's line of questioning. Since becoming chair, the Commission has pulled back from a remarkable 61 percent of the cases against the crypto industry. Do all these cases have the same legal or evidentiary deficiencies?

Mr. ATKINS. Well, thank you.

Most of those were withdrawn or changed before I arrived last April, but I can say that what we are trying to do is realign to what the statute hopefully will be, the market structure statute and the outlines that I have given in a couple of speeches regarding how we view the taxonomy and the structure on crypto.

Ms. VELÁZQUEZ. So I bring this up because of the 23 cases the SEC inherited, 21 from the Biden Administration, and 2 from the first Trump Administration, there has not been a noticeable change in the facts of these cases to warrant the SEC's decision to pull back from these cases.

Do you know what many of these cases do have in common?

Mr. ATKINS. Well, depending on which ones you are talking about, most of them, from my memory, have to do with registration

section 5 under the 33 Act. Actually, the SEC has a rather mixed record in court regarding those. Ms. VELÁZQUEZ. Okay.

According to The New York Times, the defendant in most of these cases have close ties to President Trump.

Mr. Chairman, I ask unanimous consent to submit this article into the record.

Chairman HILL. Without objection, it will be included.

[The information referred to was not submitted prior to printing.]

Ms. VELÁZQUEZ. So you are telling us the SEC decision to drop or pull back from most of the crypto cases that SEC inherited have nothing to do with the \$1.2 billion the President and his family have made from the crypto industry since taking office?

Mr. ATKINS. Well, again, I was not involved in many—it depends on which ones you are talking about—of those decisions, but I cannot imagine that my colleagues would have been swayed by that.

Ms. VELÁZQUEZ. Well, Mr. Atkins, you, yourself are reported to have close ties to the crypto industry, holding approximately \$6 million in crypto-related assets prior to being sworn in. So you are also telling us that your \$6 million in crypto-related assets has nothing to do with the SEC decision to pull back from this enforcement.

Mr. Chairman, I yield back.

Chairman HILL. The gentlewoman yields back.

The chair recognizes the gentleman from Oklahoma, the chair of our Monetary Policy Task Force. Mr. Lucas, you are recognized for 5 minutes.

Mr. LUCAS. Thank you, Mr. Chairman, and thank you, Chairman Atkins, for being here today.

Under your leadership, the SEC has approved two more clearing-houses, two more clearing agencies, I should say, to offer Treasury clearing. This is a welcomed development and certainly a positive step as we move toward full implementation of Treasury clearing rule. I appreciate the update from Commissioner Uyeda earlier this week, as this is an immense undertaking for the industry and should warrant robust transparency.

Is the SEC incorporating feedback from market participants and what still needs to be addressed to ensure there are no disruptions to the Treasury market at the end of this year?

Mr. ATKINS. Oh, thank you. That is a very important issue, the Treasury clearing process and changes to that very important market. So, yes, we are working closely with Treasury and with the industry to make sure that as this goes forward, there will not be any hiccups in it, and to make sure it goes smoothly.

Mr. LUCAS. On that same thought, Mr. Chairman, I was also pleased to see that the SEC requested comments on a proposed change to extend an existing cross-margining agreement to end users in order to reduce cost and make clearing more efficient. Can we expect a resolution to the proposal well before the clearing rule is alive? Market participants need sufficient runway to execute those changes.

Mr. ATKINS. Amen. I think we want to make sure that things go smoothly, that there are no hiccups there with it, and that people have plenty of notice and ability to gear up for those changes.

Mr. LUCAS. I know it almost goes without saying, but I hope you will work closely with the banking regulators to ensure capital rules recognize the risk-reducing benefits of netting across products.

Mr. ATKINS. Yes, that is important for the market itself and to be efficient with capital.

Mr. LUCAS. Chairman Atkins, for decades, public school teachers and charity workers have been barred from accessing many low-cost investments that their private sector 401(k) counterparts can use. Given your commitment to modernizing our capital markets, do you agree that we should no longer deny nonprofit employees access to these cost-effective vehicles?

Mr. ATKINS. It sounds like something that needs to be done.

Mr. LUCAS. My bill, H.R. 1013, which was introduced—included, I should say, in the INVEST Act, finally amends Federal securities laws and provides parity for 403(b) plans.

Turning to the Crypto Task Force, I understand you have contemplated an innovation exemption for tokenized equities. Our current capital markets are the envy of the world and, of course, must be safeguarded. Will you ensure that the Commission seeks broad and diverse stakeholder input through the notice and commitment process to mitigate unintended consequences of potential exemptions?

Mr. ATKINS. Yes. So notice and comment is important, but the innovation exemption that I have been talking about would be cabins, time limited, transparent, and really anchored in strong investor protections. So we would police that carefully, and it is like a sandbox, but not picking winners and losers.

Mr. LUCAS. Thank you for your responses, Chairman, and I look forward to a productive coming months.

With that, I yield back, Mr. Chairman.

Chairman HILL. The gentleman yields back.

The chair recognizes the ranking member of our Capital Markets Subcommittee, Mr. Sherman of California. You are recognized for 5 minutes.

Mr. SHERMAN. Mr. Chairman, you showed us how long these statements can be. I have not read the whole thing, but I will point out that the analysts do, and that the market price that security trades reflects the opinions of dozens of analysts who have read the whole thing, and that assures a fair price for buyers and sellers, and we need as much disclosure as possible, including quarterly reports.

You mentioned materiality. Materiality, as you quote, the Court is what a reasonable investor thinks is important, and there is an effort by some even in this committee, but certainly in Washington to brand as crazy or unreasonable the millions of investors around this world who look at climate as material. They want to know. They want to base their investment decisions on the effect that the company has on climate.

I would say that your duty to provide information to investors is just as great with regard to climate investors as investors who are looking at something else.

We talk about—you mentioned in your opening statement some \$2.7 billion in costs. I will point out that in 2024, there were \$8.2

billion in fines levied and that is just the tip of the iceberg, because not only do you have that recovery, but think of all of the shenanigans that are deterred for every fraudster who is apprehended.

Mr. Chairman, I want to thank you for your time speaking about some of these issues yesterday. Would two Democratic commissioners for the SEC make the SEC better?

Mr. ATKINS. Well, I believe that the President and the Senate send commissioners, but I have been now at the SEC for, in and out, 35 years, and I have seen how it has worked, and it works well with five commissioners. I have seen it when Arthur Levitt and Steve Wallman were commissioners, and that was two. So the work gets done, but it is good to have a lot of input, and so I would be happy to work with whomever the President sends our way.

Mr. SHERMAN. Thank you.

There are some great bills that have passed this committee, sometimes repeatedly, but unfortunately, we have a U.S. Senate. Fortunately, we have a Commission that could do all of these things without us legislating.

Mr. Huizenga points out that the e-delivery bill is meritorious and something that you can adopt by rule, and I will also focus your attention, as I did yesterday, on the Business Development Companies (BDC) bill, which is, of course, part of the INVEST Act and freestanding legislation that would finally allow BDCs, as a practical matter, to be included in indexes.

The next issue is the registered, mortgage-backed securities. That is to say, mortgages in pools where the mortgages have not been guaranteed by Fannie or Freddie. Since the SEC adopted regulation 8B-2, not a single one of these pools has been out there because this regulation requires 270 data points about every loan. So if you have 1,000 loans in the pool, that is 270,000 data points, and I suggest a document even longer than the one sitting near your left hand.

Will you take a look at this regulation and give us a regulation where we can have registered mortgage-backed securities that are not guaranteed by Fannie or Freddie?

Mr. ATKINS. Yes, sir. That is high on our list, and that is a crying shame that is the state of the market.

Mr. SHERMAN. I would like to turn your attention to data protection. David Scott has an excellent bill that I have joined with him, as have others, dealing with SEC Data Protection Act, and I wonder if you will take a look at that bill, take a look at the data security at the SEC, and come up with a program that reflects the need to keep the data secure.

Mr. ATKINS. That is a big priority after we have seen the mishaps that have happened in the past.

Mr. SHERMAN. I yield back.

Chairman HILL. The gentleman yields back.

The chair recognizes the distinguished gentleman from Texas, Mr. Sessions. You are recognized for 5 minutes.

Mr. SESSIONS. Mr. Chairman, thank you very much.

Chairman, welcome to the Financial Services Committee. We are delighted that you are here.

I am sure when you walked in this morning, as you know, I saw you in line waiting out in the cold. Today, we are in the middle of

a memorial service for a former colleague, Doug LaMalfa, a Congressman, our friend who passed away from California. So normally, this body would be full waiting to speak with you, so I simply offer a bit of information.

Chairman, I saw you outside and had a chance to engage you. You are aware that your crack staff learned last night that I would be here and have several questions, and I would like to refer to those as an overall SEC actions and inaction, some things that you agreed to take on by virtue of the job, and things that were the responsibility that you have agreed to take on now.

I note, in looking at your background, in 1983, you were a senior student writing editor of the Vanderbilt Law Review, and I consider that very favorable, because you, too, recognized, as a student—you wrote much. You expressed your opinion, but it was, essentially, providing to someone else information that you agreed with.

I think we find ourselves, as Members of Congress, as writing students also many times to agencies of the Federal Government. We write a lot of letters, and we wait, and sometimes hear things back. I want to say that I have found your responsiveness, your breath of fresh air is helping, I hope on a bipartisan basis, but I know for myself, to address issues that are still actions and inactions that the SEC has taken up over the last few years.

I would say to you I am interested in also your work, and really wish to compliment you because of the things that you have taken on, including what might be called your regulatory flexibility agenda, which I enjoyed, which you released in September, and intend to do this year to offer flexibility, reminding us, as you did, that you are for making sure that growth in investment opportunities happen to investors around this country. That would be proactive and also reactive to help us.

I would like to tell you that we held, under Ann Wagner, Chairman Ann Wagner, a hearing that discussed from an IPO perspective that has been spoken a little bit about today, but I come at this as co-chairman of the Biotech Caucus. Biotech is the future energy that America stands a leg up on in supporting against our adversaries around the world.

Who will develop the next great, not just biomarker, but bio breakthrough to supply the free world with a better opportunity? In relationship to this, we found out in testimony that I believe your staff has been provided—the testimony was up to 50 percent of IPO dollars went simply to compliance. I think you spoke well about this, not just your knowledge base about trying to reduce regulatory costs but the knowledge that this competes against America's best interest to be competitive with world markets, with other people who do not have the same rules and regulations we do.

At no point would I back you away from or caution you not to go to what is in the best interest of the investor who could find themselves in a market like that of not knowing the truth about what is next. I would say to you that I provided your staff last night with several very specific items.

You were very magnanimous today in line and said, without calling me by name, you would make sure that this agency picks up

the pace and does intend to not only follow the items that we talked about but become more transparent in the relationship with members and the marketplace, and I want to applaud you. I felt like that you were standing in the cold was a good time to engage you and it worked.

Mr. Chairman, I would yield back my time in thoughtful consideration to the staff and our new young chairman for his role and work. Thank you.

Chairman HILL. The gentleman yields back.

The chair recognizes the distinguished gentleman from New York, Mr. Meeks, the ranking member of the House Foreign Affairs Committee, for 5 minutes.

Mr. MEEKS. Thank you, Mr. Chairman.

What I would like to say first look, I look across our country, and I see hardworking families invest in the stock market to build a future. These are not day traders or multi market players. They are teachers, firefighters, and nurses saving through mutual funds, pensions, retirement plans like 401(k)'s, IRAs. These are everyday Americans. They rely on strong, fair, and accessible markets. We work for them.

I was pleased, in fact, to co-lead the INVEST Act late last year with Chairman Hill, Chairwoman Wagner, Congressman Gottheimer. I was even pleased more when the House passed the bill with a strong bipartisan vote, signaling that both Democrats and Republicans support modernizing rules to empower small businesses and everyday people.

We did our job here, but I also believe that we have to work for those American people. We have got to make sure that they are protected, and their investments are as sound as we can do it.

So Mr. Atkins, my question to you would be, as a successful person in the financial industry, would you ever recommend that someone take financial advice from their favorite celebrity?

Mr. ATKINS. From a celebrity? Is that what you said?

Mr. MEEKS. I mean, yes or no? Would you just tell somebody they should just take financial advice from a celebrity?

Mr. ATKINS. You should check out the background of the person, yes.

Mr. MEEKS. Because you would not ever and you have not ever taken financial advice from a favorite celebrity that you may have had. Is that correct? I would assume so.

Mr. ATKINS. Well, it depends. Warren Buffett is a celebrity, but anyway.

Mr. MEEKS. The reason I bring that up is this: Back in 2022, when the SEC brought enforcement actions against a celebrity TV star, at that time it was Kim Kardashian, the SEC warned investors to use caution with celebrity endorsements of investment products. Just because it is being promoted by a well-known figure does not mean it suits every investor's risk tolerance or financial goals. I happen to think that is absolutely correct.

We also have a similar situation today. Just a few weeks ago, five Trump-affiliated exchange traded funds under the name Truth Social-America First Electronic Funds Transfers (EFTs) were launched. It is meant to attract Trump fans who align with a patriotic America First agenda.

Now, I am not sure what that means for the investment product, but most of these investors seem to be drawn to the product because of the Trump name, rather than understanding of the investment product. It seems to me that was just like Kim Kardashian. We do have, happen to have before he was elected, still a TV reality star now sitting in the White House.

So my question to you, Mr. Atkins, is: How is the SEC evaluating investor protection risks when a financial product is tied to a high-profile political figure or celebrity, particularly when retail investors may be drawn in by name recognition or perceived trust, rather than a real understanding of the product's risks, and especially when that figure happens to be the President of the United States of America?

Mr. ATKINS. Well, our rules are geared toward disclosure of material information, and the risks therein, and so without speaking to any particular type of product that is really the essential thing that investors need to look at. Again, that is why we need to have good, tailored disclosure that is material and not—there is a lot to obfuscate.

Mr. MEEKS. No, I agree. So what I want to do—I have got 42 seconds. I just want to know will you commit to providing to this committee, in writing, a clear description of the SEC's internal process for handling, evaluating, and approving decisions on the Trump-affiliated ETFs so we can confirm that the process was independent and focused on investor protection and free from pressure and influence from the White House?

Because we are here for the American people, not to do the workings of the White House, we want to make sure it is free and clear of that. Can we get your commitment to do that?

Mr. ATKINS. Well, we are happy—without any particular investment, I am happy to provide you with our procedures of how we review filings.

Chairman HILL. The gentleman's time has expired.

Thank you. Feel free to expand on that in written answers to the gentleman's question.

The chair recognizes the gentleman from Texas, Mr. Williams, who is the chair of the House Small Business Committee.

Mr. WILLIAMS of Texas. Thank you, Mr. Chairman, and thank you for being here today. I appreciate it.

A number of proposals affecting registered funds and advisers from the prior administration were not ultimately adopted and have since been removed from the rulemaking agenda. The SEC did finalize several fund-related rulemakings in recent years that have a significant operational and compliance implications.

One example is a 2023 amendment to the fund names rule. Chairman Atkins, in cases like this, how is the Commission evaluating whether recently adopted rulemakings are operating as intended and what tools does the SEC have to address aspects of those rules that mainly have unintended consequences from funds or investors?

Mr. ATKINS. Thank you for that question very much.

I have asked my division directors and their staff to review rules. I think it is good to have a retrospective view to see exactly how things are working. We also get lots of suggestions and comments

from the industry and from investors. So the names rule is just one example of all of that.

Mr. WILLIAMS of Texas. Now, for me, small to medium-size businesses—I am small business owner in Texas myself—the regulatory regime put in place by past administrations was too far burdensome and prevented them from taking necessary steps to access public markets. These businesses also face roadblocks when attempting to access private markets. There were too many rules regulating who can invest in private markets.

So many businesses were left with very few options to raise the necessary capital to continue to expand their operations. Now, when regulatory frameworks were doing it economical for small and midsized companies to enter public markets and overly restrict who can participate in private markets, capital does not become safer; it becomes scarcer.

So my question is, can you elaborate on how the SEC's renewed focus on facilitating capital formation is helping ensure that small- and midsize businesses, Main Street America, are not priced out of public markets or boxed out of private capital altogether?

Mr. ATKINS. Well, that is a very important issue. Thank you very much for raising that.

Again one of my main focuses now is to make IPOs great again, and to do that is to help cut down on the burden of disclosure that is not material. Second is the litigation issues, if we can help ameliorate that. The third impediment is basically corporate governance weaponization. So those sorts of things help to keep people out of the public markets or make it unattractive.

With respect to smaller businesses, we need to make sure that our rules are fit for purposes that can encourage them. There are various provisions of those regs that we have that are meant to try to help small businesses have better access to it. So, that is a big effort that we will be making over the next couple of years to make sure that is encouraging them and helping them to tap those markets for capital.

Mr. WILLIAMS of Texas. Well, small businesses have great opportunities this year to grow and take advantage of some things.

Last thing: Entrepreneurs continue to face a challenging environment when it comes to securing growth capital, driven, in part, by rising regulatory compliance costs but also the concentration of investment activity and a handful of major financial hubs.

Now, for many businesses operating outside of these traditional hubs accessing capital can present different structural challenges. These dynamics often constrain growth and limit economic development in communities that rely on entrepreneurial investment.

So my last question would be, Chairman, how do capital formation challenges differ for businesses located outside of traditional financial hubs and how can the SEC help ensure capital markets arrive in Main Street as effectively as Wall Street?

Mr. ATKINS. Well, again, another important issue. In your State, for example, I mean, there is a lot more efforts, I think, for new entrants into financial services outside of the big money centers, New York and elsewhere. So, for example, the new Texas Stock Exchange there, and then also the New York Stock Exchange, the National Association of Securities Dealers Automated Quotations

(NASDAQ) are moving operations to Dallas. So I think all of those sorts of examples will help, if you will, democratize access to the markets and in different regions of the United States.

Mr. WILLIAMS of Texas. So what you are saying is Texas is the greatest State in America. Thank you for that.

I yield my time back.

Chairman HILL. The gentleman from Massachusetts is recognized, Mr. Lynch, who is the ranking member of our Digital Assets, Financial Technology, and Artificial Intelligence Subcommittee.

Mr. LYNCH. Thank you, Mr. Chairman.

Mr. Atkins, I want to talk about Binance. So Binance, which is a major crypto exchange, was charged and pled guilty to providing finances to, among a number of groups, Hamas, ISIS, al-Qaida, Islamic Jihad, Hezbollah, the Islamic Revolutionary Guard in Iran, a bunch of sanctioned people in North Korea, and assorted criminal networks involving sexual—child sexual abuse. The SEC dismissed that case 2 months after you arrived.

It gets worse. Two more months after you had arrived after that case was dropped, President Donald Trump gave an unconditional pardon to Chengpang Zhao, who was the CEO of that company. He did receive a 4-month prison sentence, but the record of his conviction was pardoned. The company did pay a \$4 billion fine, or we think they have paid most of the \$4 billion fine.

Then, in May 2025, after you were on board at the SEC, an Abu Dhabi state-backed investment firm, MXG announced that they had just purchased \$2 billion in World Liberty Financial crypto from Trump's family. This is Eric and Donald, Jr., and Barron, and Steve Witkoff's son. So the President's company got a huge, huge benefit, massive benefit by being in that \$2 billion transaction. They bought Trump coin and they invested it in Binance, Chengpang Zhao's company.

So you are the cop on the beat. Explain to me how this happens without any enforcement action. Matter of fact, enforcement actions since Trump took office and you became SEC chair, they are now down—enforcement actions are down 60 percent. Statutorily, your responsibility; number one responsibility is to protect consumers and to maintain trust in our securities industry.

How does what you are doing protect the consumer? How does letting these crooks, letting them off, not prosecuting them, letting Trump's family do all this—explain yourself. I just—it boggles my mind that this is going on and there are no consequences to what the President is doing.

Mr. ATKINS. Well, Mr. Congressman I cannot speak to any one particular case, and so—

Mr. LYNCH. You have got to be kidding me. That is a target-rich environment. Start anywhere you want, but let us—this is all public, so you are not disclosing any secrets here. We all know what is going on. The one question that is out there is why you are not you doing anything about it. Why are you letting him—look, this is hurting the crypto industry. All these scams.

I mean, look at crypto today, I think it is down 25 percent in the last month. People are losing trust in that. This is not good for crypto. It is certainly not good for consumers, and it is awful. The reputational damage that the SEC is suffering right now is unbe-

lievable, and you are in the seat, sir. It is your responsibility, and I am just asking for an explanation.

Mr. ATKINS. We have a very robust enforcement effort, and we are bringing cases——

Mr. LYNCH. It is down——

Mr. ATKINS. I do not know where you get that from.

Mr. LYNCH. Let me give you a list of the cases you have dropped. You dropped them against, not only Binance, but Robinhood. There is a whole list of them here that—there are like 10 major cases that you have dropped.

Chairman HILL. The gentleman's time has expired.

Ms. WATERS. Answer that question.

Chairman HILL. The gentleman's time has expired.

The gentleman from Georgia, Mr. Loudermilk, you are recognized, the vice chairman of our House Subcommittee on Financial Institutions.

Mr. LOUDERMILK. Thank you, Mr. Chairman.

Chairman Atkins, thank you for being here with us. I have been looking forward to this testimony for quite some time because I have, for years, been working on doing something about the Consolidated Audit Trail, and that is where my questions are going to be around.

Let me preface that with my concerns of the Consolidated Audit Trail is, first and foremost, unconstitutional in the way that it is being operated, especially requiring the reporting of personally identifiable information (PII) information.

At one point I asked my local banker a question. I asked him, I said, "What if the sheriff walks in and he asks you to provide him with all of my financial transactions over a certain period, what would you do." He said, "Well, I would ask to see a court-issued search warrant before I gave it to him."

So I went to a local judge, and I asked the judge, I said, "What if the sheriff came to you and he was asking for all of my financial records to be turned over, what would your response to the sheriff be before you issued a warrant?" He said, "I would need to see cause, right? He would have to prove to me that there is just probable cause for this."

My problem with the Consolidated Audit Trail is it is forcing this information to be put into a centralized database without cause, without reason.

Your predecessor sat in that seat right there and I asked him, what is the purpose of this Consolidated Audit Trail that you are taking an individual who maybe buys a quarter share of Apple stock through Robinhood or one of the other platforms and his entire information is having to be put into this data base, which, beside the cybersecurity risk, is unconstitutional. He said, "So we can peruse the data base looking for something that potentially is being done wrong." I said, "Sir, that is exactly the definition of violation of the Fourth Amendment of the Constitution." With that said, this is something I think that we must address.

Chairman, you announced in September of last year the SEC was undertaking a comprehensive review of the Consolidated Audit Trail. Can you comment on that and what you are finding?

Mr. ATKINS. Yes. Well, so that is active, that is an active matter, and we are definitely looking into that and working with various stakeholders in the industry to try to get this whole situation under control.

Basically, it suffered from a lack of, let us say just a good view ab initio when it was started 15 or 16 years ago, whatever it was, and so—and it has grown like topsy as far as how much it has cost. So we are out to get that under control make so that it is gathering information that comports with the Constitution.

Mr. LOUDERMILK. Well, I appreciate you looking at it and I also appreciate under your leadership the Commission has sought to cut wasteful spending. The Consolidated Audit Trail's cost overruns have deeply concerned me and many of my colleagues in Congress. What was originally supposed to cost \$55 million has ballooned to nearly quarter of a billion in just 8 years. The issue especially given that the Consolidated Audit Trail's funding model was also found to be unlawful by the 11th Circuit Court of Appeals.

Last week, I joined Chairman Hill and Subcommittee Chair Wagner in a letter urging the Commission to defer the approval of any new funding model until after the comprehensive review of the Consolidated Audit Trail (CAT) is complete, and I look forward to seeing those results.

Mr. Chairman, can you please explain how the SEC's comprehensive review of the CAT aims to help rightsize the cost?

Mr. ATKINS. Well, I called the heads of all the members of the CAT committee, basically, that runs it to say that I am not joking, that we need to have this rightsized with a goal of getting it under a \$100 million, and then justify all the information that we are collecting. I have been working with people internally at the SEC, our enforcement staff, and investigations staff as well.

There are some things that have gone away, as far as like blue sheets and whatnot, information that comes that way. So we will make sure that whatever is replacing blue sheets in CAT, as what it is now, makes sense and is efficient, but then also comports with all of the points that you just raised.

Mr. LOUDERMILK. Well, thank you. I think the—stopping the collecting of PII and deleting that we have will be a priority and look forward to working with you.

Chairman HILL. The gentleman's time has expired. I thank the gentleman.

The chair recognizes the gentleman from Texas, Mr. Green, who is our ranking member of our Oversight and Investigations Subcommittee. You are recognized for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman. Thank the ranking member as well. I also thank Mr. Atkins for being here today.

Mr. Atkins, sir, are you familiar with Trump Media and Technology Group?

Mr. ATKINS. I have heard of the name, but I do not—

Mr. GREEN. You heard the name.

Mr. ATKINS [continuing]. know much about it.

Mr. GREEN. Okay. It is a stock. It is on the stock market.

Mr. ATKINS. I believe so, yes.

Mr. GREEN. Yes. The ticker symbol for it is DJT. Would you be surprised if it had a ticker symbol of DJT?

Mr. ATKINS. No. I mean, there are ticker symbols on all sorts of things.

Mr. GREEN. Would it surprise you if that is the symbol?

Mr. ATKINS. Not necessarily.

Mr. GREEN. So you do not know what the symbol is for it. Well, let me tell you, it is DJT.

Are you familiar with what happened on April 2, 2025, when the President announced his liberation day tariffs?

Mr. ATKINS. He made that announcement.

Mr. GREEN. Yes. Do you remember what happened in the market? Would it surprise you to know that the market declined some \$11 trillion that day?

Mr. ATKINS. The market was very volatile around that time.

Mr. GREEN. Yes. Eleven trillion dollars is very volatile.

Would you agree that, later on, the President paused that announcement that he made on liberation day? In fact, he did it some few days later. Do you recall that, that he paused it?

Mr. ATKINS. I do not recall all the—

Mr. GREEN. Now, you are the head of some organization that has something to do with these kinds of things, are you not, sir?

Mr. ATKINS. Well, luckily we do not deal with tariffs. That is outside the—

Mr. GREEN. I understand but you are widely read, are you not.

Mr. ATKINS. I try to keep up with the news, yes, but I do not recall all the ins and outs.

Mr. GREEN. Okay. So if I told you that the market saw this decline and that the President then, before the decline, he posted on Truth Social—did you know that the President is the owner of Truth Social? He has a large share of that?

Mr. ATKINS. Yes. I know he is involved with it, yes.

Mr. GREEN. He does. Yes, sir. He does and here is what he posted, “This is a great time to buy DJT.”

Would you agree that the President’s initials are DJT?

Mr. ATKINS. Yes.

Mr. GREEN. Okay. Good. Now we have DJT, the ticker symbol for his technology group that he owns a majority of the shares in, and also his initials. So he says it is a great time to buy DJT. Maybe what I am doing now is informing you and perhaps you will want to take some corrective action, but he says it is a great time to buy DJT.

You would not be aware of this, I am sure, but DJT surged \$415 million that day. Does that—have you heard about that?

Mr. ATKINS. I do not know all the specifics.

Mr. GREEN. Do not know all the—it is very complicated stuff, is it not? The kind of stuff that you a person in your position would not have heard of or know anything about.

Mr. ATKINS. There is a lot of activity in the marketplace.

Mr. GREEN. Yes, sir. This is the President of the United States of America.

All right. Now that you know the President hustled \$415 million for a business that he has a majority of the shares in, and he—some people would call that market manipulation, but do you think that it merits some degree of investigation? Would you look into it?

Mr. ATKINS. Well, you know—

Mr. GREEN. If what I said is true, would you look into it?

Mr. ATKINS. Our——

Mr. GREEN. I am a whistleblower.

Mr. ATKINS. Well, so we get lots of whistleblowers——

Mr. GREEN. Well, I blow loudly. I just informed you on TV, the world is going to know that you now know that the President made \$415 million on a stock that he advised people to buy just before he manipulated the market and caused this surge in the market. So now you know.

Mr. Chairman, we live in a world where it is not enough for things to be right; they must also look right. If for no other reason, the appearance of this, the appearance of this is something that we ought to be concerned with. Now, you are the chair. Would you look into it?

Mr. ATKINS. Again, I cannot confirm or deny anything as——

Mr. GREEN. I understand.

Mr. ATKINS [continuing]. in the investigations.

Mr. GREEN. I would advise you to look into it. Thank you.

Chairman HILL. The gentleman's time has expired.

Members are reminded that pursuant to House rule XVII, they should avoid engaging in personalities when speaking about the President. It can always be about policy, but it cannot be personal.

The chair recognizes the gentleman from Wisconsin, Mr. Steil, who is the chair of Digital Assets, Financial Technology, and AI Subcommittee.

Mr. STEIL. Thank you very much, Chairman.

Chairman Atkins, thanks for being here. Thanks for your service to the country. The United States has the greatest capital markets in the world, and in large part it is the oversight and regulations that are provided to the SEC to make sure we guide that to success.

I want to touch base, in particular, on your memorandum of understanding (MOU) with the CFTC. The House passed the CLARITY Act to really provide a framework for regulation in the digital asset space to do two really important things, in my view. One, protect consumers and two, make sure that the United States is the domicile to be able to outcompete the rest of the globe.

You engaged in an MOU with the CFTC. Sometimes we have seen the SEC and the CFTC not play well together. I think we are seeing a change under your leadership at the SEC.

Could you provide a little additional clarity, for a pun on the term "clarity," but a little more clarity on what this MOU is, how it is working, and how you are operating with the CFTC, in particular, as relates to the digital asset space?

Mr. ATKINS. Thank you very much. That is really near and dear to my heart, I am really thrilled that the President appointed Mike Selig to be chairman. He came from my office and obviously was chief counsel—or counsel for the Crypto Task Force, so he is well-positioned to do what he is doing there at the CFTC.

So our intent is to harmonize the activities of the two agencies, particularly with respect to digital assets, and that is why we are hoping for a good statute to be enacted from all the discussions here in Congress.

As far as the actual working together of the agencies, we are actively working on an MOU. It is kind of silly to think that two groups that are serving the taxpayer have to have an MOU as between them to work together, but be that as it may, we are out to get that.

Mr. STEIL. Well, I appreciate your leadership in this because making sure the CFTC and the SEC are working well together, not only at the principal level, at your level, but also through the staff is really important.

Let us dive into an area of specific, which is token taxonomy. We put forward frameworks on this in the House. I know the SEC is engaged in this. There is obviously overlap with the CFTC. Can you provide clarity as to where you are on that work?

Mr. ATKINS. Yes. So I have outlined how I believe the two agencies will march ahead to bring clarity to this area. It will be constant with what is in the CLARITY Act that you all passed here in the House and hopefully what will come out of the joint work that you are doing with the Senate.

So we will carry that forward, and basically it will help give certainty as to where the jurisdiction of the two agencies are. If we marry that with super—I like to talk about a super app where we will have recognition of substituted compliance between the two agencies. I think that will be the best.

Mr. STEIL. Thank you. In my final 2 minutes here, let me shift gears here to the proxy advisor duopoly. ISS and Glass Lewis dominate in this space. I have introduced legislation to regulate and to change the rules of the road for proxy advisors. I am concerned about conflicts of interest, ideological bias, a lack of transparency. We have an opportunity to fix that from a legislative standpoint. I think that is really important.

While we are working through that process, what can you at the SEC be doing to address this concern, and do you share my concern on the risks posed to the capital markets by this duopoly?

Mr. ATKINS. Well, absolutely and anytime you have a concentrated industry, that is not necessarily good for the consumer of those products. Especially in this, as I alluded to previously, the two—the situation with those two firms is more of a symptom of the underlying problem, and that is, again, the weaponization of the shareholder proposals and that sort of thing.

Mr. STEIL. I agree with you on that, but I also think that there is a real conflict of interest between the ability to provide consulting services on one side of a so-called Chinese wall and then to be able to provide advisory on the other side. Do you think that those potential or real conflicts of interests should be disclosed for the capital markets to operate efficiently?

Mr. ATKINS. Well, not only should be disclosed, but obviously they need to be addressed. I think that is an issue that we definitely are concerned about.

Mr. STEIL. I agree. I appreciate your work in this area.

Mr. Chairman, I yield back.

Chairman HILL. The gentleman yields back.

The chair recognizes the gentleman from Missouri, Mr. Cleaver, who is the ranking member of our Housing and Insurance Subcommittee.

Mr. CLEAVER. Thank you, Mr. Chairman. Mr. Atkins, thank you for being here today.

We on this committee often talk about investor confidence kind of like an abstract concept but for millions of everyday Americans trying to buy a home, it translates directly into whether they can get a mortgage at a reasonable rate.

Also, on that second row down almost at the end, in 2008 when your predecessor, Chris Cox, Hank Paulson, Ben Bernanke, Sheila Bair came in to tell us what was happening with the economy, it was one of the worst days in my life to sit here and hear what was going on and not realizing that this committee had to address it.

Investors, as you know, lost trust, markets collapsed, and a lot of ordinary everyday Americans paid the price. Credit did not just tighten. Like the chilly waters around Greenland, they froze. Congress and regulators, including the SEC, worked to restore that trust through a lot of measures, including the skin in the game risk retention rules and disclosure requirements for asset-backed securities. These rules were put in place to prevent securitizing—or securitizers from passing off low-quality assets to unsuspecting investors.

Now, you have recently indicated an interest in rolling back or revising some of these regulations. My uncle, you do not know him, that is all right, Uncle Leroy, my father's oldest brother, had a company, and he did maintenance. He went to TA Litigants and Son Company; he was working with the CEO on this contract. So the CEO said, "Now, if I give you this contract, will you be honest." My uncle said, "I will never forget it, whether you give me this contract or not, I am going to be honest."

Before making any revisions, will you commit publicly that you will present to this committee those rollbacks that you have hinted that you wanted to do? Now, I admit, transparency makes us vulnerable, but transparency still should be done even if it is going to make us vulnerable. Will you commit to coming to this committee, or informing this committee, or discussing with this committee what your rollbacks will be?

Mr. ATKINS. Well, I am not sure that we will have rollbacks. I mean, as Mr. Sherman was talking about, the whole one part of the market has really frozen up because of—if that is what you are talking about.

Anyway, but Fannie Mae and Freddie Mac play an important role in the housing market but as we saw in the financial crisis, they were a large reason for how that unfolded.

So whatever we do, we have to be very careful with respect to these markets, but they are important in the whole economy of the United States; happy to discuss that with you and your colleagues as we go forth and formulate our proposals.

Mr. CLEAVER. Well, if we are going to—it may be semantics here, but if we are going to roll—if you are going to roll back or make any dramatic changes, my question, my interest is the communication and transparency.

Mr. ATKINS. We definitely—we go through notice and comment. I take that very extremely seriously, unlike sometimes in the past, but we want to have a good, robust debate and collect comments,

and so happy to talk with you all about all of that. Whatever we do will be grounded as we talk to our colleagues——

Chairman HILL. The gentleman's time has expired.

Mr. CLEAVER. Thank you, Mr. Chairman.

Chairman HILL. I thank the gentleman.

The chair recognizes the gentleman from Kentucky, Mr. Barr, who chairs our Financial Institutions Subcommittee.

Mr. BARR. Thank you, Mr. Chairman.

Chairman Atkins, thanks for the great work you are doing at the Commission. As you know, for two consecutive Congresses, the House has passed and sent to the Senate digital asset market structure legislation, most recently known as the CLARITY Act, receiving overwhelming bipartisan support in this Chamber last July. That level of bipartisan agreement reflects a growing interest in providing long-term certainty for market participants.

From your perspective, Mr. Chairman, how does durable digital asset market structure legislation like the CLARITY Act impact the United States' ability to continue to lead in financial market innovation and protect investors?

Mr. ATKINS. Yes. Well, thank you very much. Well, as you know, the President has set out the challenge that U.S. should be the crypto capital of the world, and I feel strongly that we can and should do that and achieve it.

To do that, we have to have a framework that makes sense, that is fit for purpose. Unfortunately, traditional rules that the SEC has are not really fit for purpose here and has created a lot of uncertainty in the marketplace, thus, the CLARITY Act and thus, the true importance of the SEC to work very much hand-in-glove with the CFTC in order that there be no gaps in the oversight, but that, also, innovators have surety as to what they are doing and they are not going to get in a gotcha sort of situation like has happened in the past with some of the enforcement actions that the SEC has brought in that area.

So we want to make sure that people know the rules of the road and can abide by it, and that those will foster innovation here in the United States.

Mr. BARR. I know there are a few outstanding issues and points of disagreement in the Senate. We certainly encourage resolution of those points of disagreement to achieve what you said is so important, kind of a statutory framework for market structure so that, indeed, the United States can be the crypto capital of the world.

Mr. Chairman, how do you ensure that SEC enforcement actions and investigations are conducted and completed in as timely and an expedited manner as possible and make sure that those investigations are driven by clear statutory and evidentiary standards and not by political, ideological, or personal considerations?

The context of that question is that the SEC in the past has encouraged applicants for registration with the SEC to reapply after denials due to ongoing investigations, but if an investigation drags on and on and on, the applicant is effectively barred or precluded from reapplying.

Mr. ATKINS. Yes, and that is a very important issue. I have a good tough head of enforcement, Judge Meg Ryan, so she is a mili-

tary—from the Court of Military Appeals, and so she has been looking at the aging of, let us say, the inventory that we have. I did that as well, I started to when I first became a commissioner—chairman, and so we are—we are focused on that. That is very important but reputational risk and all of that to people who go through investigations is important, plus the cost, so we take that very seriously in this commission.

Mr. BARR. Well, thank you for redoubling your efforts on that, because the enforcement functions, investigatory functions, and very important functions of the Commission in terms of ensuring the public's confidence in our capital markets, but lingering investigations do not facilitate the capital formation objectives, as you know, and I appreciate your attention to that.

Since 2010, Mr. Chairman, the Dodd-Frank \$150 million registration threshold for private fund advisors has remained stagnant, lacking an inflation adjuster, and this forces many small innovative funds to divert capital from emerging companies toward costly compliance. These funds often play a critical role in providing capital to emerging companies in niche markets that larger, more heavily regulated funds might overlook.

My bill, the Small Business Investor Capital Access Act, was included in the INVEST Act, and that raises the registration threshold to \$175 million, a very modest increase, but also indexes it to inflation. This will ensure that truly small enterprises are not crushed by unnecessarily Federal mandates meant for larger firms.

Chairman Atkins, do overly burdensome compliance requirements stifle the growth of smaller private funds, and would adjusting the exemption threshold for small private fund advisors to accurately reflect changes in inflation help alleviate this problem?

Mr. ATKINS. Absolutely, and I salute you for doing that. I mean, all of these things add up, and it decreases competition and services to investors.

Mr. BARR. Right. Thanks so much. I yield back.

Chairman HILL. The gentleman yields back.

The chair recognizes Dr. Foster of Illinois, who is the ranking member of our Financial Institutions Subcommittee.

Mr. FOSTER. Thank you, Mr. Chair, and to our witness.

I presume that you have been encouraged to use artificial intelligence in all of your workings from the White House, it was a general directive, and obviously, industry is moving very fast that way.

Now, in terms of the 1,000-page prop that you have there, how long do you think it would take AI to summarize that as in one paragraph one page, 10 pages, whatever level of detail you wanted? You know, maybe a few seconds? I do not know. Probably neither of us are an expert on that, but I imagine it could be done in a few minutes.

In terms of a burden on investors, it seems like having a lot of information there is not a burden on investors in an AI world. I think that is an important thing that should go into your thinking as to what the appropriate level of disclosure.

Materiality, I believe, is best—that the investor is the best judge of materiality. If we err on the side of having a lot of—you know, probably 95 percent of what is in that stack of paper is not material, but there could be a footnote in there that is absolutely cru-

cial. No human is likely to pick it up, as you point out, no human is going to read that stack of paper, but an AI can and find that footnote. So it seems like the whole narrative of let us get to less disclosure is going in the wrong direction for an AI world.

I imagine that stack of paper is probably 90 percent generated by AI or soon will be if it is not. So that I think that it is a much better position if we have the AIs for IPOs and things like that, generate a lot of information, and then let the AIs of potential investors look at it in great detail, that you will end up with a more efficient market and less mistakes being made by investors due to lack of information.

Have you been thinking about that sort of thing when you puzzle through the whole what is the right level of information?

Mr. ATKINS. Oh, absolutely, but again, there is—when you think of the cost and the amount of work that goes into this sort of disclosure with lawyers and everything else what sort of bang for the buck are we getting. Anyway—

Mr. FOSTER. Lots of lawyers are going to get crushed too with AI. I mean, most companies have everything electronically, they just turn their AI loose on that and generate—it is coming at us fast.

Mr. ATKINS. That is a good point.

Mr. FOSTER. Anyway, I really encourage you to think about that because I think that is going to be a much safer market where there is a lot of information, and that each investor, or the investor's personal AI advisor, will have access to that information, but summarize it.

Just in the case of climate; a lot of investors are going to think climate is material, others will think it is immaterial, and we are in a better position if it is the potential investor talking to their AI advisor saying I do or I do not care about climate, and then getting a summary that reflects their preferences. It seems like that gets us to a better place than just these endless wars we have about what is and is not material at the level of Congress.

Okay. Let us see. One of the things I have also been worried about is the orderly release of market-moving information by Federal officials and agencies. There have been some big mistakes. There was an issue where I think the Bureau of Labor Statistics (BLS) issued or leaked some information like half an hour early to some lucky participants of the market.

It seems like for a long time we have needed a more orderly way of releasing that information that maybe could be governmentwide so that when whether it is Federal Reserve releasing information or the BLS or something, that you had a standard electronic way of saying, boom, the gate is now open and that information is there, because there is a lot of things that can go wrong.

Is there any interagency discussion of that, trying to standardize the release of market-moving information and maybe make it more robust?

Mr. ATKINS. No. That is a very important issue and it is a little bit ad hoc now. For example, the Food and Drug Administration, the director has come to talk to me about it, and we—you know, so that is a great example. You mentioned some of the other agencies and the Fed and whatnot, so it is a very important issue and we have to—you know, each agency needs to be very—

Mr. FOSTER. Well, if you need a nudge from this committee, I think this is a very useful nudge that we could do that would actually make the markets work better and make U.S. a better place to invest.

A third area of concern that I do not have really a lot of time to go into is the use by Federal officials of privately owned social media accounts to release market-moving information like tariff policy, things like that, that move markets by trillions and effectively forcing every person—

Chairman HILL. The gentleman's time has expired.

Mr. FOSTER [continuing]. in the market to buy—

Chairman HILL. I would invite the witness to provide his comments on that last question in writing.

The chair recognizes the gentlewoman from Missouri, the chair of our Capital Market Subcommittee, Mrs. Wagner, for 5 minutes.

Mrs. WAGNER. I thank you, Mr. Chairman.

Chairman Atkins, your recent speech at the New York Stock Exchange detailed the stock drop in public companies and the need to reform our regulations to promote capital formation. Soon after that speech, the House passed our bipartisan INVEST Act to do just that.

Now, the SEC is working to revitalize public markets by rightsizing disclosures and rethinking investment thresholds. How important is it for Congress to follow up on the Commission's work with statutory changes?

Mr. ATKINS. Well, I think, absolutely, with your INVEST Act and all the components of it I think are really—will be salutary to the markets and to help rationalize some of the practices there in our rules, so we welcome that, and look forward to working with you on that.

Mrs. WAGNER. It is key to codify them while we have the opportunity here. Many of these bills we have worked on for 10 years and there have been rulings by the SEC, but we need to get them into statute. You would agree?

Mr. ATKINS. I agree, to future-proof that sort of principle.

Mrs. WAGNER. Thank you. You repeatedly mentioned, Chair Atkins, the importance of creating a disclosure regime that promotes, rather than hinders, companies going public. The INVEST Act would streamline disclosure requirements, as I said, expanding access to capital for businesses throughout the entire country, not just on the coast.

In your opinion, how can Congress work with the Commission to ensure these changes are most impactful?

Mr. ATKINS. Well, so I invite your input, and as we go about reviewing our rules this year and making—you know, issuing proposals for rule changes to modernize and rationalize these disclosure rules; I would be thrilled to have you and your colleagues' input.

Mrs. WAGNER. Wonderful. Earlier in your tenure as chairman, you gave a speech directing SEC staff to remove the 15 percent limitation on close-end funds investing in private funds. The next day, an investment management staff removed the SEC's position for unlisted close-end funds. This was a welcomed change for Americans across the country who will now be able to invest in compa-

nies that for far too long had been restricted solely to the wealthiest Americans.

Through my Increasing Investor Opportunities Act, which was included in the INVEST Act, we have also taken steps to codify this guidance and provide long-term certainty to close-end fund investors.

To help provide clarity to investors, could you please comment on whether, in your view, the removal of the 15 percent limit also applies to listed close-end funds or whether additional Commission action would be needed to remove the limit for close-end funds?

Mr. ATKINS. Well, so—yes, I would love to discuss that. The reason why we addressed this is because that limit was completely staff driven. It was not part of a rule or anything else. So by changing that helped the filers to—and the innovators to make changes to how they were going out to market.

So, anyway, if there are holes in the edifice, so to speak there, we are happy to address all that and work with you on that.

Mrs. WAGNER. Great. Wonderful. We look forward to doing that. So this is something that the SEC could take up under your leadership—

Mr. ATKINS. Absolutely.

Mrs. WAGNER [continuing]. and discuss more? Wonderful.

Under current SEC rules, it is nearly impossible for large venture capital funds to invest in smaller regional funds. For example, if a large fund wanted to seed a smaller fund in St. Louis, that investment is capped at a tiny 20 percent nonqualifying basket. As a result, access to venture capital remains highly concentrated on the coast, leaving out wide regions of the country, including the Midwest.

Chair Atkins, do you agree that this 20 percent limitation hurts companies in places like Missouri?

Mr. ATKINS. I am not familiar with the actual impact on various regions, but—

Mrs. WAGNER. It is a 20 percent cap.

Mr. ATKINS. Yes. So I think all of that needs to be revisited. These various caps are kind of artificial, and I think it all deserves review.

Mrs. WAGNER. Absolutely. Thank you so much.

I have used my time, and I yield back, Mr. Chairman.

Chairman HILL. The gentlewoman yields back.

The chair recognizes the gentleman from Illinois. Mr. Casten, you are recognized for 5 minutes.

Mr. CASTEN. Thank you, Mr. Chair. Thank you, Mr. Atkins, for being with us today.

I have some real concerns about the SEC dropping their—dismissing their lawsuit against Binance and staying, whatever you are doing, with Justin Sun and TRON. I understand from your exchange with the ranking member and with Mr. Lynch that you are not going to comment on ongoing investigations, and I understand that, but—and I also appreciate the chair's admonition not to engage in personalities, but I am extremely concerned with the integrity of U.S. capital markets.

I just want to review a fact pattern here. It is a fact that Donald Trump was convicted of 34 felonies for financial fraud. It is a fact

that he and his children have said that in the wake of that fraud they were, in their words, debanked and could not access conventional capital markets and that was why they turned to crypto. It is a fact that the UAE subsequently purchased World Liberty Finance tokens through bitcoin, that now contributes to substantially all of their wealth, and that substantially all of the Trump family's wealth is now in crypto. Much of—all of that has come since he became President in January of last year.

Setting aside the Emoluments Clause violations or implications there, if I am a foreign investor considering whether to invest in U.S. capital markets, I would like to know whether the SEC is going to prioritize the interest of investors, because these charges against—I mean, the charges against Sun are wash trading, money laundering. These are all deep structural funds in financial markets. When they look at the actions of your agency, they see multiple examples where you have not prioritized the interest of investors, but you have prioritized the interest of the Trump family.

So my question is, can you point to an example under your leadership where you have put the interest of investors first and cost the Trump family money as a result? Just one example would be great.

Mr. ATKINS. Well, as far as what the Trump family does or not, I cannot speak to that.

Mr. CASTEN. They have made billions of dollars—they pardoned CZ, for goodness sake, after the case was dropped, after this money went through. This is most of their net worth. Why should people not believe that you will prioritize the interest of this singular billionaire over investor protection?

Wash trades are a problem in the markets. Why are we not prosecuting Justin Sun? You cannot answer that but is there any example where you have put investors first over the Trump family?

Mr. ATKINS. So, again, we put investors first every single day.

Mr. CASTEN. Over the Trump family.

Mr. ATKINS. We have a very robust enforcement division that is going after fraud in the market.

Mr. CASTEN. Okay. If you can find an example, it would be great to share it offline, and please publicize it because I care about the markets.

I want to shift. In November, the SEC announced you would no longer review expressed views on company's no-action requests, and I want to understand a little bit of what that means. I understand there is some discretion on your end, but have you—are there any general rules, or are we going to rely exclusively on shareholder litigation under 14a-8?

If a company—if shareholders came forward and said, I have got a proposal because I have concerns about potential conflicts of interest, appearance of corruption, reputational issues associated with management's business dealings, and management says, I want a no-action review, is that a categoric no or are you going to consider that on the merits?

Mr. ATKINS. Well, the whole no-action process with respect to shareholder proposals was an artifice by the Commission that built up over the years. There is nothing in rule or in statute that requires it. We were shut down for 43 days and 43 nights—

Mr. CASTEN. No, no. I am asking—I want to come back because I am trying to give you an example for my first question. World Liberty Financial is trying to do this shell with BitGo, that is a publicly traded company. People there might be legitimately concerned that there is fraud happening because all of these billions of dollars are coming into World Liberty Financial in ways that are direct violations of the Emoluments Clause.

If a shareholder in that entity said, I would like to have a vote on this, and management said, no, we are going to push for a no-action review, would you push back, or is that too dangerous because it would cause you to make Donald Trump angry?

Mr. ATKINS. Well, again, I cannot speak to any particular issue or company, but as far as—shareholders have their rights under State law, and if they want to vindicate those rights and push—

Mr. CASTEN. I am out of time, but Milton Friedman said shareholders are ultimately in charge. Not management? I do not know why we are stepping on shareholder rights under your leadership. I yield back.

Mr. DAVIDSON [presiding]. I thank the gentleman for yielding.

The gentlewoman from California, Ms. Kim, is now recognized for 5 minutes.

Ms. KIM. Thank you, Chairman, and thank you, Chairman Atkins, for being here.

For far too long under Gary Gensler's runaway rogue regulation, the Commission drifted away from its mandate of protecting investors and facilitating capital formation using regulation as enforcement. He single-handedly set back the crypto industry in this country by over a decade. Since taking office, President Trump and you have taken important steps to reverse that trend. Thank you for your work.

In Congress, we have worked hard to assist those efforts with the passage of the GENIUS Act, and now we must continue that work by getting the CLARITY Act across the finish line. One way that the SEC has achieved that is through the Crypto Task Force and its focus on unlocking tokenization to promote innovation and efficiencies in our capital markets.

Can you provide a brief update on the efforts to unlock tokenization, and the benefits tokenization promises to bring to the U.S. capital markets?

Mr. ATKINS. Well, yes, thank you very much. Tokenization, I think, is a very important innovation that is coming about. Tokenized securities that can be traded on-chain, I think, have a future benefit just for the transparency that distributed ledger technology brings to the issue, and then the prospect for a T+0 sort of payment versus delivery-type of regime on-chain. So that can help de-risk the financial services industry by a lot.

We want to encourage that and then have rules around this that protect investors, protect issuers, and other stakeholders in this whole effort.

Ms. KIM. I know that one avenue exploring to unleash tokenization is the potential innovation exemption. How is the Commission approaching this innovation exemption, and is there a timeline to issue that exemption?

Mr. ATKINS. Well, we are planning to do that here this year and so we are hoping that you all will, in Congress, will adopt the CLARITY Act, or whatever, however you do it, and then that arrives on the President's desk. In the meantime, we are working at pace, and this innovation exemption I think will be a good watershed.

Ms. KIM. Sure. One aspect of Crypto Task Force has been collecting industry feedback around topics such as tokenization. So how does the Commission plan to utilize the feedback that you collect on that issue from the Crypto Task Force?

Mr. ATKINS. Yes. We have done a number of roundtables, and we have received a lot of commentary coming in from all sorts of stakeholders in and around the digital asset industry. We are distilling that and using that to help refine our—what we will come out with respect to this innovation exemption.

Ms. KIM. Okay. Outside of digital asset regulation, another area that you have charted the SEC in a more positive direction is in regard to Form PF. So as you review Form PF, will the Commission consider a new rulemaking to return Form PF to its original Financial Stability Oversight Council (FSOC)-focused purpose?

Mr. ATKINS. Absolutely. It is a joint rulemaking with the CFTC, and we have also been consulting with the Fed and Treasury in this regard.

Ms. KIM. Thank you. With the limited time that I have remaining, as you know, I have been working hard to provide regulatory relief to the Office of the Small Business Advocate by exempting it from the Paperwork Reduction Act.

Would you—would reducing onerous red tape like this provide the Advocate with better information on the State of American small businesses?

Mr. ATKINS. I believe so, and that is—obviously, Congress has put that in statute as far as the Office of Small Business Advocate, so whatever may help the work of that office I think would be very helpful.

Ms. KIM. Well, thank you very much. That is all I have for you today, and thanks for being with us.

I yield back.

Mr. DAVIDSON. I thank the gentlelady for yielding.

The gentlewoman from Massachusetts, Ms. Pressley, is now recognized for 5 minutes.

Ms. PRESSLEY. Chair Atkins, I read an article where you once said, quote, The ultimate boss is the investor, unquote. Do you still stand by those words?

Mr. ATKINS. As far as—as far as the markets go, that is definitely true.

Ms. PRESSLEY. Well, I think we can all agree, if bosses are to make good decisions, they need to have access to good data. Unfortunately, as the head of SEC, you are denying investors access to information, you are changing the rules that have been put in place by limiting what data is provided to investors and reducing how frequently data is provided to investors.

Now, I have had colleagues across the aisle complain about information overload and passed bills; colleagues so often, investors only have access to, quote/unquote, material information. The problem

with that approach is that Republicans are arbitrarily choosing what information is material and immaterial to investors.

Now, I have been on this committee 8 years, since I arrived in Congress, and I know that investors care about a wide range of information, ranging from executive compensation to costly climate-related disasters like floods and fires.

I want to focus on diversity disclosure specifically. The SEC approved a rule that required public disclosure on the race and gender of board of directors. Now, this information was important to investors because study after study has confirmed that diversity is good for your bottom line. It is good for business.

Can you explain why you believe investors should not have access to this information?

Mr. ATKINS. Well, investors should have access to material information. I mean, in general, it comes down to the company's decision as to what they believe is material or not. Then—because, again, it is for the reasonable investor. It is not for particular investors to—you know, as the rubric, that is the way the court has ruled, so—anyway, so our rules are geared to the company, and it requires companies, issuers, to disclose material information to the public. So, you know—

Ms. PRESSLEY. Well—okay. Well, I will reclaim my time. I just—again, in order to make good decisions, you have to have good data. The majority of investors are saying that they want this information, and many reports and CEOs have affirmed that diversity is good for business and for the bottom line. So that answer is insufficient for me.

I just—again, a study of institutional investors that handle hundreds of billions of dollars have found that 30 percent of investors wanted to know if senior management was diverse. So that means roughly one out of three investors consider this information important. So I think that makes it material.

Disclosures about diversity, climate risk, and use of AI, are essential for investors to make smart decisions. After all, in your words, the investors are the ultimate boss. So to reiterate, bosses need data to make decisions.

Now, that is why I am reintroducing the Greater Supervision in Banking Act, or GSIB, to mandate disclosures by the biggest banks—Bank of America, Wells Fargo, J.P. Morgan, Chase, Goldman Sachs, and others. Investors and consumers alike deserve to know how these institutions are impacting climate change, how that is increasing costs in deadly natural disasters. Investors deserve to know whether these banks are rewarding themselves with large executive bonuses and investors deserve to know that the board of the directors of these companies represent them and their interests. They deserve it, and they want to know.

Chair Atkins, can you commit to finding a way to ensure this information is available to investors when one out of three say this is what they want? Can I count on your partnership?

Mr. ATKINS. Well, again, so the court has held that information is material, not depending on what the proclivities of one or another—

Ms. PRESSLEY. Okay. I got it. You are sticking to it. Chair Atkins, I am trying to give you a win here. You do not have a stellar

reputation on this front, the 2008 Great Recession when you were first the commissioner at the SEC, but we do not have to go back decades. I mean, just a few years ago, you were advising FTX when that company collapsed.

So I really saw this as an opportunity for partnership, for you to redeem yourself there, Mr. Chair. I was trying to give you an easy alley-oop. I do believe we need fair, orderly, and efficient markets, and the American people deserve that, instead of another global financial crisis.

I yield back.

Mr. DAVIDSON. I thank the gentlelady for yielding.

The gentleman from South Carolina, Mr. Timmons, is now recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman.

Chairman Atkins, it is good to see you and thank you for appearing before the committee. I appreciate your engagement with Congress as we work to restore a regulatory framework that supports competitive capital markets and long-term economic growth.

After several years of rapid expansion in the SEC rule book, it is encouraging to hear you mention that some regulations have become bloated and, in certain cases, obstacles to capital formation. You have indicated that the Commission is now focused on reducing unnecessary compliance burdens while preserving strong investor protections.

I agree with that goal and want to begin by discussing how the Commission is addressing recent rulemakings that impose significant costs with limited benefits. One example is the 2023 fund Names Rule amendments, which the SEC estimated would affect roughly 66 percent of funds and add substantial compliance and operational costs ultimately borne by American savers.

My question is this: Consistent with your goal of reducing unnecessary burdens, how is the Commission or its staff reviewing or addressing these prior rulemaking excesses, and what principles are guiding your approach to recalibrating rules that may have gone too far?

Mr. ATKINS. Well, we are undertaking that, and all of our divisions with respect to reviewing old rules and, in particular, the corporation finance division with respect to Reg S-K, which is kind of the bedrock of corporate disclosure.

You have named others as well with respect to mutual funds and whatnot. So all of those add costs to investors. Ultimately, they bear the cost, and so it is good to have a retrospective view of that to weed out things that are not really fit for purposes.

Mr. TIMMONS. Thank you for that.

Let me now turn to public company disclosure and capital formation. I understand last year, the Commission received a proposal from the U.S. Stock Exchange requesting that the SEC initiate a rulemaking to allow for optional semiannual reporting for public companies. The goal is to reduce reporting burdens and short-term market pressure while fully preserving material disclosures for investors.

This proposal closely mirrors what President Trump called for last fall as a part of a broader effort to spur initial public offering

activity and encourage more companies to access our public markets.

At a time when fewer firms are going public and staying public, it is worth examining whether our disclosure framework has become overly focused on short-term results at the expense of long-term growth. Can you share how the Commission is thinking about potential changes to the public company reporting framework, including possible approaches to reducing short-term reporting burdens?

Mr. ATKINS. Yes, absolutely, we are looking at that. This debate has been going on for now a few decades. The requirement started out as annual reporting up until 1955 when it went to semiannual, and then in 1970, it went to quarterly, and then the U.K., which kind of followed suit with us, changed back to semiannual in 2014.

So we are looking at all of this. I am agnostic on this. We want to hear comments from people as to what is the best, and we were considering doing this for smaller companies where perhaps, semi-annual might be more appropriate for them. We will be seeking comments on all of this.

Mr. TIMMONS. I think if the shareholders are in favor of it, it should be considered, and maybe even create a larger burden, maybe a two-thirds burden to achieve it but I think it is worth looking at. Thank you.

Finally, I want to turn to venture capital and regional access to funding. When we talk about venture capital, it often seems like the conversation is limited to companies in New York, California, and Massachusetts. In fact, data from Carter shows that in 2024, California alone captured nearly half of all Venture Capital (VC) investment in the U.S. Meanwhile, entrepreneurs in my district and across the other 47 States continue to struggle to raise venture capital.

So do you agree that the lack of geographic diversity in VC funding is a problem?

Mr. ATKINS. Well, I know there is a difference in distribution across the country and what the causes are, I am not sure.

Mr. TIMMONS. Well, one way to address this challenge is through my bill, H.R. 4431, which is part of the bipartisan INVEST Act. The bill modernizes the definition of a qualifying VC fund under section 3(c)(1) of the Investment Company Act by increasing the beneficial owner limit from 250 to 500 and raising the capital cap from \$10 million to \$50 million.

These targeted, commonsense updates would expand access to capital for startups outside traditional financial hubs while preserving strong investor protections.

Thank you. I yield back.

Mr. DAVIDSON [presiding]. I thank the gentleman for yielding.

The gentleman from New Jersey, Mr. Gottheimer, is now recognized for 5 minutes.

Mr. GOTTHEIMER. Thank you, Mr. Chairman and Ranking Member. Chairman, thank you so much for being here.

On August 2025, an executive order aims to—I am sorry.

In August 2025, an executive order aims to increase access to, and I quote, competitive returns and asset diversification necessary for everyday Americans to secure a dignified, comfortable retire-

ment, end quote. This order directs the Secretary of Labor to consult with the SEC to carry out its policy objectives.

How has the SEC coordinated with the Department of Labor on this executive order so far?

Mr. ATKINS. We are actively working with them and the Department of Treasury on these issues, and it is a very important matter.

Mr. GOTTHEIMER. Thank you.

The order also directs the SEC to revise existing regulations and guidance relating to quote, “accredited investors and qualified purchaser status.” Do you expect the SEC to pursue changes to these definitions?

Mr. ATKINS. Well, we will certainly look at them and see whether they need adjusting, given passage of time. There are a lot of, obviously, a lot of different ideas as far as what is an appropriate way to decide who is accredited and who is not?

Mr. GOTTHEIMER. Thank you.

Switching gears a little bit, there has been much discussion about the SEC’s forthcoming digital asset innovation exemption. You said that this exemption will, quote, allow registrants and non-registrants to quickly go to market with new business models and services that do not neatly fit within our existing rules and regulations.

Just yesterday, the founder of the SafeMoon token was sentenced to 8 years in prison for conspiracy to commit securities fraud. New services like *Pump.fun* make it very easy to launch tokens backed by absolutely nothing.

I believe we need clear guardrails and rules of the road for digital asset innovation to flourish in the United States, but we also have to have strong consumer protections.

Could you discuss the timing and scope of the innovation exemption and how you are building consumer protections into it.

Mr. ATKINS. Yes. Well, so fraud is fraud, whether it happens in the crypto world or in paper certificates, and so we take that very seriously. Like you say, that really is a detriment to investor confidence if we are not active in that area.

So with the search of innovation exemption, it will be when we come out, the goal is to make it a cabin, limited time, type of exemption but to allow innovators to operate within those limits and under supervision.

Mr. GOTTHEIMER. You are concerned like I am about these tokens backed by nothing like these *Pump.fun* type things, right? I assume that is not what the SEC wants?

Mr. ATKINS. Absolutely.

Mr. GOTTHEIMER. Okay. I think it is very important we keep an eye on that. Obviously, we want innovation, but we also do not want scam artists out there and hucksters pushing stuff online, and I think we need to be very careful about that.

The SEC has rightly been spending a lot of time and attention on digital assets, but there are many other opportunities for updating modernization. Electronic recordkeeping rules, e-delivery, cross-trading, Form PF reporting for private funds, co-investment by open and mutual funds, and many other areas are ripe, in my opinion, for modernization.

Are these initiatives in your SEC still getting appropriate attention? How do you and your staff prioritize them, and how are you thinking about them?

Mr. ATKINS. Well, we have a lot on our plate, obviously, but I am really very pleasantly surprised, coming back to the SEC, how gung-ho the staff is in all the divisions to dive into these. I think we have restored confidence in the morale of the agency, and people are leaning into it.

Mr. GOTTHEIMER. Yes, I think the modernization piece is key. There are a lot of opportunities to do it.

I appreciate that you have previously recognized that tokenized securities are and will continue to be securities. Would you agree that market making activity of tokenized security should be treated in a similar manner to traditional financial market-making activity?

Mr. ATKINS. Those are big issues of how to adjust the rules to deal with the new reality, but we definitely are looking to that in our trading and markets area, and we have been having roundtables in this regard and working, obviously, with the CFTC on it as well.

Mr. GOTTHEIMER. Thank you.

Digital asset market actors consistently tell us that regulatory fragmentation between the SEC and CFTC creates uncertainty, discourages responsible innovation, and drives activity offshore. I appreciate the steps you have been taking in the CFTC to harmonize definitions and disclosure standards and supervisory expectations to reduce regulatory fragmentation.

Can you discuss some of the challenges that market actors face navigating across conflicting regulatory frameworks?

Mr. ATKINS. Well, I like to use the analogy of SEC, CFTC, two fortresses of the No Man's Land in between. So traditionally that field there, that No Man's Land is littered with the bodies of would-be products that could never really make it through that gauntlet. So we are out to change that and to work in harmony.

Mr. GOTTHEIMER. Thank you so much. I yield back.

Mr. DAVIDSON. I thank the gentleman for yielding.

I now recognize myself for 5 minutes for questions.

Chairman Atkins, thank you for being here, and thank you for your leadership at the SEC in an effort to restore the Securities and Exchange Commission to its statutory mission: Protecting investors, maintaining fair and efficient markets, and facilitating capital formation in the United States.

For too long, market participants, particularly in emerging and innovative sectors, have faced uncertainty driven by enforcement actions that have effectively substituted for policymaking and avoidance of rulemaking for areas where you could provide clarity. That approach undermined due process, chilled innovation, and drove investors out of sectors that they were interested in because of the uncertainty around capital formation.

Your public commitment to moving away from regulation by enforcement and toward transparent rules-based frameworks is a welcome shift. Thank you.

We saw former Chair Gensler seek to expand the SEC's jurisdiction over nonsecurity digital assets for years. He would avoid an-

swering really basic questions about whether something is a security or not, and tell everyone to come in. He would just never allow them to leave and, in fact, would engage in enforcement action.

So from your perspective, what should the distinction be between digital assets that tokenize world assets and securities? So you could have a tokenized security. You could have a tokenized commodity. You could have tokenized real world assets.

Do we get a bright line test adequate in the CLARITY Act? Or how do you see that bright line? If you are calling the balls and strikes, what is your best way to describe it?

Mr. ATKINS. Well, ultimately, the real answer is harmony between the CFTC and the SEC so that nobody is uncertain where to go, and that has been a problem now for a long time. Basically, if we focus on tokenized securities through investment contract and that kind of analysis, but then also, concede that we have digital commodities, digital tools, and other digital types of tokens that are clearly in the CFTC realm, that will, I think, help bring clarity.

The CLARITY Act takes great steps toward that and then the two agencies working in harmony can help.

Mr. DAVIDSON. I thank you for creating a task force to focus on that as well, so even once we pass a law, hopefully the Senate will pass something resembling what we have passed and get this across the finish line soon. There will still be rulemaking, so thank you for kind of front-lining us in that sense to work toward having clarity there.

You have also previously stated, "The right to have self-custody of one's private property is a core American value." So I think self-custody is critical. You cannot really have decentralized finance without the decentralized part.

Right now, there are, obviously, intermediaries who serve a function in the market, but they also take a pretty big rake. So a lot of the opportunities to make markets more efficient and get more capital for the investors or those that are raising the capital comes from disrupting the intermediaries.

Where do you think we can do that and still ensure that we provide investor protection?

Mr. ATKINS. Well, that is an important issue that we definitely are focusing on, but as you say, the right to private wallets and that sort of thing is very important, and so, we want to make sure that is recognized in the rules that we develop. It already is to a large extent, with respect to the legislation that is being considered.

Mr. DAVIDSON. Yes. I think that is one of the key things really that they are debating in the Senate on the CLARITY Act is fundamentally, Western civilization depends on private property. Right now, we have embraced this third-party doctrine where there is an intermediary between you and your assets in every scenario, whether it is a security, bank deposit, anything else and all this surveillance.

I thought Hester Peirce, Commissioner Peirce did a great job with a speech back in the summer that she titled, "Peanut Butter and Watermelon." Of course, I encourage everyone who has not read it to read it, but the point is that a party phone line where the operator had to connect two parties referenced: Oh, I know

your grandpa is the guy that used to put peanut butter on watermelon. Well, that is an awkward thing. I just asked to be connected to my grandpa.

There is always this intermediary there, and the technology is there for us to do it. I think we can do it with good investor protections. I really hope the Senate works through the issues in the CLARITY Act, and we have continued to work with them.

I think the crux of it really comes down to self-custody because at the end of the day, if you always have to have an intermediary between your assets and yourself, you do not really control your own private property, and that is radical shift in Western civilization.

I will have questions for the record. My time has expired and I yield.

I now recognize the gentlewoman from Texas, Ms. Garcia, for 5 minutes.

Ms. GARCIA. Thank you, Mr. Chairman.

Mr. Atkins, I wanted to start by just reminding us that on December 11, the President said that affordability was a hoax, that it was made up by Democrats. Recently, in January, he says that Democrats do not talk about it anymore, that it is all solved.

Do you think affordability is a hoax? Just yes or no.

Mr. ATKINS. Well, I am trying to address affordability through—

Ms. GARCIA. Sir, just a yes or no. Is affordability a hoax?

Mr. ATKINS. Well, I do not know if it is a hoax or not, but it is something that we need to be—

Ms. GARCIA. Why is it so hard to say yes or no? You are the head of the SEC. You are a lawyer. You are well-trained. You have dealt with these issues. You are talking about affordability. Do you talk about hoaxes all the time?

Mr. ATKINS. No, well, I mean, so I am focused on the reality of the situation.

Ms. GARCIA. So is it a hoax or not?

Mr. ATKINS. I think that affordability is an important issue that we need to address.

Ms. GARCIA. So you refuse to answer. All right. Well, let us move on.

SEC candidate Atkins states that: quote, The SEC is an independent agency, and in performing their duties, members should exhibit a spirit of firm independence and reject any effort by representatives of the executive or legislative branches to affect their independent determination of any matter being considered by this Commission, end quote.

Yes or no, again, yes or no, do you agree that the SEC is an independent agency?

Mr. ATKINS. Yes, it is defined that way in the statute.

Ms. GARCIA. No, but do you believe? I mean, we can all read the statute. You are a lawyer. I am a lawyer, but do you believe that it is an independent agency?

Mr. ATKINS. If Congress calls it that, then that is it but—

Ms. GARCIA. I am asking you if you think it is, sir, not what Congress thinks or not what the statement says, because, obviously, I read it.

Mr. ATKINS. Right. As you read, it is independence on mind, independence of thought.

Ms. GARCIA. So, again, you refuse to answer.

Yes or no, has the President, his family, members of his Cabinet, or staff in the White House, have they ever asked or implied that you propose or implement a certain policy?

Mr. ATKINS. Have they—could you repeat that again? I'm sorry.

Ms. GARCIA. Well, yes or no, has the President, his family, members of his Cabinet, or staff in the White House ever asked or implied that you propose or implement a certain policy?

Mr. ATKINS. The President has issued executive orders so that—

Ms. GARCIA. So is that a yes?

Mr. ATKINS [continuing]. could, arguably, fall under what you just said.

Ms. GARCIA. So is that a yes?

Mr. ATKINS. He has issued executive orders.

Ms. GARCIA. Is that a yes, sir? Sir, why do you refuse to just say a simple yes or no?

Mr. ATKINS. It is not susceptible to a yes or no answer.

Ms. GARCIA. Well, as a lawyer I think—you know, I am offended that you would not respond.

Yes or no, has the President, his family, members of his Cabinet, or staff in his White House ever asked you that take or decline any enforcement action?

Mr. ATKINS. No.

Ms. GARCIA. No? Great. We finally got an answer.

How regularly do you consult with the President, his staff, his family, or members of his Cabinet?

Mr. ATKINS. Sorry. Say that again.

Ms. GARCIA. Well, let me try to be louder. How regularly do you consult with the President, his staff, his family, or members of his Cabinet?

Mr. ATKINS. I talk to people at the White House and in the Cabinet a lot. So I would say that is pretty regular.

Ms. GARCIA. Do you consult with them on any of the operations or dealings of the Commission?

Mr. ATKINS. No.

Ms. GARCIA. No?

Can you commit here today that for every decision you make as SEC chair; you ultimately will make that decision yourself, free from outside pressure or influence from this administration?

Mr. ATKINS. Absolutely.

Ms. GARCIA. Well, good. We finally got some answers.

Now let me ask you about the—I want to follow up with Mr. Lynch's questions. You have dismissed two, four, six, about eight cases: Coinbase, Binance, Gemini Trust, Ripple, Kraken, Consensus, American CryptoFed, Undue Finance. On what basis did you dismiss those cases?

Mr. ATKINS. Well, in general, it had to do with questions about registration and that sort of thing that was left over from the last administration.

Ms. GARCIA. I am not understanding. What kind of registration? Do you think the prior administration—

Mr. ATKINS. Section 5.

Ms. GARCIA [continuing]. filed frivolous lawsuits?

Mr. ATKINS. Section 5.

Ms. GARCIA. Do you think the previous administration filed frivolous lawsuits?

Mr. ATKINS. The SEC has a very mixed record on these, and we are trying to clarify these rules along with——

Ms. GARCIA. Did this protect investors in any way by dismissing these cases?

Mr. ATKINS. Those cases all have flaws and were dismissed.

Ms. GARCIA. It looks like you are not really wanting to give me any details, so we will follow up in writing.

What about the closed investigations? Robinhood Crypto, OpenSea——

Mr. DAVIDSON. The gentlelady's time has expired.

Ms. GARCIA [continuing]. *Crypto.com*, Fused Crypto, a deposit insurance company?

Mr. DAVIDSON. The gentlelady's time has expired. I would encourage you to submit the questions for the record.

Ms. GARCIA. I will and I will submit all the questions you refused to answer.

Mr. DAVIDSON. I now recognize the gentleman from Tennessee, Mr. Rose, for 5 minutes.

Ms. GARCIA. Thank you, Mr. Chairman.

Mr. DAVIDSON. Mr. Rose is recognized.

Mr. ROSE. Thank you, Chairman Davidson, and thanks to Chairman Hill and Ranking Member Waters for holding this important hearing. Thank you, Chairman Atkins, for joining us today.

My colleagues on the other side are citing press releases and enforcement actions brought by the former chair with large-stated monetary penalties that the Commission did not ever collect.

Chairman Atkins, given that it is a new day at the SEC, what is your enforcement philosophy on returning the SEC to its core mission?

Mr. ATKINS. Well, thank you, Congressman. We are focused on going back to basics, as is in our mission, so to build fair, orderly, and efficient markets, and investor protection and capital formation. Those are the three pillars. So we are calibrating our enforcement efforts to that.

So no more sort of gotcha types of things, no regulation through enforcement. We are focused on, as we go about our rulemaking, to have it through notice of comment rulemaking, and regular order is to be returned. With respect to enforcement, I take very seriously that investor protection mandate that we have, and to go combat fraud out there in the marketplace, not chasing numbers and not chasing things that are not at that core.

Mr. ROSE. Thank you, Chairman. I appreciate very much that kind of clear-eyed view of what the purpose of the Securities and Exchange Commission is and thank you for your leadership in redirecting and refocusing that back on the purpose for your organization.

Chairman Atkins, we have seen a troubling rise in so-called ramp and dump schemes, usually involving Chinese companies where fraudsters gradually promote a stock, and then rapidly sell

off their holdings, leaving investors with significant losses. Many of those victims, including hardworking Americans, including those I represent in Tennessee.

Given that the SEC can only suspend trading in such securities for up to 10 days, what additional tools does the Commission have to counter these manipulative schemes beyond that limited window and could you also speak to the role the exchanges play in protecting and preventing this kind of fraud and whether there are steps Congress and policymakers here could take to better support the SEC's efforts to protect investors here at home?

Mr. ATKINS. Thank you for that.

Yes, section 12 of the Securities Exchange Act—our role is limited. So we have, as you mentioned, we can stop trading for up to 10 days, and so we have done that in 14—well, 13 companies. In the most recent one, the 14th, we stopped trading for is on the New York Stock Exchange, the American Stock Change for 1 day, and then the Stock Exchange took over from us after that to investigate that.

So these particular schemes can really be very costly for investors, but beyond that, we can only de-list the company if they have not kept up with their registrations and up-to-date filings and that sort of thing.

It really is incumbent on the exchanges, the single-room occupancies (SROs), to police their markets, and so, we are working with them to try to ensure that happens.

Mr. ROSE. Chairman, I congratulate you on the great staff that you have been assembling, and I know they serve you well, but the SEC's organizational chart shows a large number of offices and divisions, many of which have closely related functions, as well as a significant number reporting directly to the chair. I suspect you are painfully aware of that.

Is the Commission considering ways to improve efficiency and coordination, perhaps, by better aligning related offices and streamlining the number of direct reports to the Chair?

Mr. ATKINS. Absolutely. I am very focused on that. I still remember when I worked for Arthur Levitt back in the early 1990s, and he looked at the org chart and just was astounded at how many direct reports he had. He had more then than I do now probably, but anyway, so, yes—it is—very much wanting to have a refresh as to the organizational chart.

Mr. ROSE. I am not sure we have time for this, but I will try to get it in.

Under former Chair Gensler, the SEC embraced so-called stakeholder capitalism to the benefit of left wing shareholder activists but to the detriment of ordinary investors saving for retirement. I was glad to see the Commission issue staff bulletin 14(m) last year to rescind previous guidance that restricted companies' abilities to exclude extraneous Environmental, Social, and Governance (ESG)-related shareholder proposals.

Can you please touch on that? I guess you will need to do that for record, as I am out of time.

Thank you.

Mr. DAVIDSON. I thank the gentleman for yielding.

I now recognize the gentleman from New York, Mr. Torres, for 5 minutes.

Mr. TORRES. Thank you, Mr. Chair.

Chair Atkins, I have long been a believer in emerging technologies like crypto and blockchain, but as you know, every industry has actors good and bad. Crypto is no exception. So have you taken any enforcement action against any bad actor in the crypto industry?

Mr. ATKINS. Yes. I mean, we have brought cases for outright fraud, and we are in litigation with some of those right now.

Mr. TORRES. Involving digital assets?

Mr. ATKINS. Involving digital assets. One actually up in your city, or up in New York.

Mr. TORRES. Understood.

I want to make three observations about structural shifts in the stock market and then have you respond.

First, the stock market is more passive than it has been historically since 2020. Passive strategies have accounted for a majority of U.S. equity assets under management.

Second, the stock market is more concentrated than it has been historically. The top 10 account for 40 percent of the S&P 500's market cap, about one-third of the S&P 500's total earnings, and about a majority or nearly majority of the S&P 500's earnings growth.

Finally, the stock market is less representative of the economy than it has been historically. The number of public companies, as you have noted, has fallen by around 50 percent since the 1990s. Many of America's most dynamic, highest growth companies have yet to go public, and many of them are content to remain private for longer stretches of time.

So the stock market is more passive, more concentrated, less representative, than it has been historically. Since the stock market is structured differently than it has been, should we expect the stock market to perform differently than it has historically?

Is the stock market of the 21st century qualitatively different from the stock market that has delivered an annualized return of 10 percent since 1959? What is the significance of these structural shifts, and what does it mean for the performance of the market?

Mr. ATKINS. Great questions. I do not pretend to have an answer, but that is exactly why we need to make it more attractive again to be a public company, so that we can have more of a diverse type of makeup there. In fact, there is this great story about—I was told by the CEO of a very, very large public pension fund where they got out of the private markets back in—after the financial crisis. They call it the dark years, where they lost—they went down from 90 percent coverage of their anticipated benefits down into the 70s, and they attribute that to not being involved in the private market.

To have a well-diversified portfolio, you need to have exposure of private markets. If we can make IPOs great again, make public companies' makeup a much more diverse type of marketplace, I think we can maybe solve that part of the problem and get back to your point.

Mr. TORRES. I am cautiously optimistic about tokenization. I do believe tokenization has the potential to create a better, cheaper,

and faster financial system, greater tradability, instantaneous settlement, greater liquidity, greater fractionalization of shares, and hopefully with it a greater democratization of finance.

Just like digitization through the internet brought a wave of new customers, consumers to commerce, tokenization could bring a wave of new investors to the capital markets.

Having said all of that, an innovation like tokenization is not without risk, and so, how do we pursue an innovation that disrupts traditional securities without destabilizing a traditional securities regime that has served our Nation reasonably well for more than 90 years?

Mr. ATKINS. I agree with you very much, and so that is why we will do this deliberatively. We will make sure that issuers have insight into where their securities are and that tokenized securities are securities and will be treated as such and that we need to adjust where we have to the rules, but to ensure that there are transparency and integrity to the markets and to make sure that the national market system is upheld.

Mr. TORRES. Do you have a timeline for the tokenization of securities?

Mr. ATKINS. It will be unfolding here over the next few years, but what we do now will be really seminal in making sure that it is done deliberatively and in good order.

Mr. TORRES. What are the implications of tokenized securities for corporate governance? It has been said that tokenized securities could mean the end of proxy voting. What is your sense of the implications?

Mr. ATKINS. I think it might be even more—it might be better for it, frankly, because then you will know where securities are. You will not know voting necessarily, but I think there will be a lot more accountability and transparency.

Mr. TORRES. I see my time is about to expire. Thank you.

Mr. DAVIDSON. I thank the gentleman for yielding.

The gentleman from Indiana, Mr. Stutzman, is now recognized for 5 minutes.

Mr. STUTZMAN. Thank you, Mr. Chairman, and thank you, Mr. Atkins, for being here today.

I just want to ask really quickly, one of my colleagues asked you earlier about the Form PF. Do you have an update on when any rulemaking might be finalized?

Mr. ATKINS. Yes. We, of course, extended the deadline for the compliance with what action was taken a couple of years ago, but we are working actively with the CFTC. It is a joint rulemaking, and so that is a current issue that we are addressing.

Mr. STUTZMAN. Okay, great.

In August, President Trump signed an executive order to facilitate increased access to alternative investments for 401(k) investors, empowering American workers with greater choice in how to grow their retirement savings. Since then, the Department of Labor has submitted rulemaking to the Office of Management and Budget.

The order also identifies a role for the SEC in advancing the President's objectives. How has the SEC coordinated with the De-

partment of Labor to carry out his order and what factors have shaped your approach?

Mr. ATKINS. Well, we are actively collaborating with them, especially IPSA, and we are also working with the Department of the Treasury on this, and we have met. Staffs have been in active collaboration, and also, I have met with the Secretary of Labor and the deputy and also, of course, talked to the people at Treasury as well, including the Secretary.

So this is an important issue and has to be done correctly, and there need to be guardrails around it because as an investor in the private markets over many years, I know the good, the bad, and the ugly there, and so, we need to make sure that we are addressing this properly.

As I just mentioned to Mr. Torres there, one cannot necessarily have a balanced portfolio in this current market without having exposure to the private markets. In fact, many ordinary employees already do through their pension funds have exposure to the private market, so why not extend it to 401(k)'s.

Mr. STUTZMAN. So the executive order also directs the SEC to consider parallel reforms to facilitate increased access to alternative investments, including revisions to existing guidance relating to accredited investor and qualified purchaser status.

Do you expect the SEC to pursue changes to those definitions and are there any other potential changes or reforms that Congress should consider to enhancing investor access to alternative investments?

Mr. ATKINS. Well, I have been in and out of SEC now for about 36 years, and so, this issue comes—it is like Groundhog Day over and over and over, because it is a very—it is a bit—it just needs addressing and updating, because of the lines that are being drawn. Why should a professor of economics who makes \$100,000 a year not be an accredited investor, but somebody who just is a teenager or who has inherited some wealth becomes an accredited investor?

So that does not make a lot of sense on its face. So we are exploring alternatives to the current situation.

Mr. STUTZMAN. Great. Thank you.

I know they called votes. I do not have any yes or no questions for you, unfortunately. So I will yield back.

Mr. DAVIDSON. I thank the gentleman for yielding.

Pursuant to the previous order, I declare the committee in recess, subject to the call of the chairman. We will reconvene immediately following floor votes.

Chairman Atkins does have a hard stop at 1:15, so we will try to get back as quickly as possible to squeeze in as many member questions as possible.

So the committee stands in recess.

Mr. FLOOD [presiding]. The committee will now come to order.

I will recognize myself for 5 minutes.

First of all, Chairman Atkins, thank you for being here. I would like to start by talking a little bit about the accredited investor definition. Currently, becoming an accredited investor is subject to requirements that revolve around income and wealth. I personally

find this phenomenon to be a little puzzling because wealth is not necessarily an appropriate measure of financial sophistication.

We currently have a narrow, merit-based pathway to become an accredited investor for investment professionals like those holding a Series 7 or Series 65 but I think there is a larger question at play here: Is it fair to gate-keep investor opportunity based on financial wealth or based on knowledge and merit?

Chairman Atkins, do you believe that wealth is a poor proxy for financial sophistication?

Mr. ATKINS. Yes. I know a lot of dumb, rich people.

Mr. FLOOD. My legislation, the Equality Opportunity for All Investors Act, which is also a provision within the INVEST Act, creates a new pathway to become an accredited investor through an examination created by the SEC and administered FINRA. This will certainly open the door further for knowledgeable people to get access to sophisticated investments, and if understood properly, can open the door for them to earn higher returns.

Next, I would like to discuss an issue that I have heard has become a significant problem for businesses in my district in Nebraska. In recent years, there has been a growing and troubling trend of sophisticated third-party litigation financiers, many operating from foreign jurisdictions, backing predatory plaintiffs' lawyers to bring baseless claims against U.S. public companies.

I have heard about this issue from trucking companies in my district and from insurers, but I think there is an interesting tie to our capital markets as well. These foreign investors are participating in our capital markets and may have access to nonpublic case-specific information about the litigation they fund.

A bipartisan House Select Committee on the Chinese Communist Party (CCP) report, warned that foreign actors can use litigation financing to gain access to sensitive Internet Property (IP) and other commercially viable information. It follows that litigation funding also presents the potential for market abuse if litigation-related financial interests are used to inform edging, short positions, or other trading strategies tied to the outcomes of material legal proceedings.

Mr. Chairman, from an investor protection and market integrity standpoint, does the Commission have specific concerns about potential intersections between litigation finance and trading activity?

Mr. ATKINS. Well, just speaking personally, I do have trouble with that, and I know that are ethical issues as well that have presented themselves over time. So whether or not that falls within our bailiwick or not, I think it bears some attention.

Mr. FLOOD. Has the SEC, under your leadership, considered maybe the ramifications of these third-party suits? Is this a conversation that is happening at the SEC?

Mr. ATKINS. Well, I am happy to begin it. I think, like you said, I think that is an issue worth addressing.

Mr. FLOOD. Just to give some context here, we are in Nebraska the home to some very large trucking companies, and tort reform is dearly needed in the American southeast but when you have got a foreign growth fund funding a plaintiff's lawyer to go after a trucking company and get \$1 billion for a fatality—which is ter-

rible, should always be prevented—it is really making it hard to do business in America and move the things that truckers move.

So I appreciate that.

I think there are a couple of potential bad outcomes here from a national security perspective, and I want to use my opportunity today to put this on the radar. Number one is the Select Committee on the CCP report indicates that it is possible that foreign entities could gain access to U.S. intellectual property as part of a civil suit.

Number two, it is also possible for any foreign entity to use our legal system to try and delay the release of a new product or service in order to give a foreign competitor more time to get their products out there.

So with that, I yield back.

I recognize the gentleman from California, Mr. Liccardo, who is now recognized for 5 minutes.

Mr. LICCARDO. Chairman, thank you for your testimony today, and thank you to the chair.

I represent a good part of Silicon Valley, and I know you are very familiar with the importance of capital markets there, both public and private. Certainly, there are great concerns, and I appreciate you are addressing some of those concerns about the challenges, particularly for early stage companies to be able to go public and certainly have been working with colleagues on the other side of the aisle as well and, for example, extending the ramp for emerging growth companies.

I appreciate there are other things you have mentioned in your testimony, particularly about tying materiality more tightly to disclosures and other things that might reduce some of the burdens of going public.

I wanted to shift, though, to the other part of that, the phenomenon that we are seeing, which is this massive shift at least in the percentage of total investment from public markets to private markets, and the massive growths we have seen in private equity in particular and now increasingly exposing retail investors to private equity and secondary markets.

I know there are many folks in Silicon Valley who themselves are quite sophisticated. They might be at Kleiner Perkins, for example, but are very concerned about the transparency, and, frankly, investor protection as we are starting to widen access to private equity.

Is there anything that the SEC is considering or might consider to improve transparency and protect investors who are increasingly getting into those secondary markets?

Mr. ATKINS. Well, thank you. That is a very important issue, and I take it very seriously, that as we deliberate over how to allow more access to the private markets which have their own kind of special qualities and whatnot that are usually different than the public markets. We need to do this deliberately with good guardrails.

We, the Department of Labor and Treasury are very much focused on that aspect of investor protection. As I mentioned earlier in the hearing here, that it is because of the way the public markets have developed and how we have half the number of public companies as we had 30 years ago, we are now, the United States,

is fully 50 percent of the world's capitalization, equity capitalization.

So everything is spread among fewer companies, obviously, but we have really strong, robust private markets as well but there are a lot of buyer beware issues there in the private markets that we need to make sure that we are not just opening up retail investors to something that they are not necessarily ready for or aware of all the pitfalls.

So a lot has to rest on the trustees and the other people who are managing 401(k) funds. So we have to really make sure that they are aware and that we set up parameters around which they may put their beneficiaries' money into markets that are not public.

Mr. LICCARDO. I appreciate that.

As we are thinking about that significant shift from public to private, should we be concerning Congress? Should we be—are there particular actions we should be taking to try to redirect that percentage in some way to encourage more of those capital dollars into more transparent public markets?

Mr. ATKINS. Well, I do not know. I mean, I leave that to you, but Employee Retirement Income Security Act (ERISA) is a very strong tool, actually, and so that is why the Department of Labor is central to this, and I know they take that very seriously and the standards under which trustees are bound. So I think that itself is a good tool that we have to try to then put in the proper guardrails.

Mr. LICCARDO. Thank you. I yield.

Mr. FLOOD. The gentleman yields back.

The gentleman from Pennsylvania, Mr. Meuser, who is also the chair of the Subcommittee on Oversight and Investigations, is now recognized for 5 minutes.

Mr. MEUSER. Thank you, Chairman.

Good afternoon, Chairman. It is nice to have you with us.

I would like to focus on capital formation and how the SEC can ensure our public markets remain the strongest in the world for companies looking to raise capital. The INVEST Act I think, as you know, is a strong step in that direction, reducing such barriers for small issuers, strengthening private markets, and expanding capital formation opportunities.

Under your leadership, working alongside President Trump's pro-growth agenda, IPO activity rose nearly 50 percent, increasing from 154 offerings in 2024 to 226 in 2025. So that is, of course, a very, very positive development.

On January 28—I would like to ask you this question—we sent a letter requesting any recovered deleted text messages from the former Chair Gensler. This request stemmed, in part, from Chair Gensler's well-known lack of cooperation with this committee. These texts are of significant interest to our oversight work to fully uncover what was deleted.

Can you comment on the current effort?

Mr. ATKINS. Well, we are actively looking to see what we can do to reconstruct the missing data because, obviously, there are statutes and other things that require us to keep that. So we are working on that, and I can keep you updated.

Mr. MEUSER. Thank you. I appreciate that.

As you well know, the Consolidated Audit Trail, or CAT, is the massive trade tracking database the SEC mandated exchanges and broker dealers to build. Many Republicans have serious concerns about the scope of data collection and the privacy risks posed by such a large, centralized system that collects investor data.

Does the SEC believe it has or should seek authority to reimburse the industry mandated to fund the CAT or eliminate the system altogether?

Mr. ATKINS. We are actively working with the members of the CAT committee to try to rightsize it, and then we have a lot of issues that need to be addressed. So we will be—we are actively working on this and ultimately will be talking, perhaps, to the appropriators about some of these issues.

Mr. MEUSER. Okay. Thank you.

I appreciated your response to my letter on the 2023 money market fund rule. You noted the staff is working with industry, particularly on liquidity fees and institutional prime funds. Based on what you have seen so far, do you believe those concerns warrant reopening, rewriting, or eliminating portions of the 2023 rule?

Mr. ATKINS. Well, all of these things are open. The market has changed a lot, and I have my concerns about some of the aspects of that rule with respect to the markets and the funds. So, yes, we are looking at all of these issues.

Mr. MEUSER. I appreciate that as well.

Crowdfunding is a critical way for early stage businesses, as you well know, to raise capital from the neighbors, friends, families. Unfortunately, small issuers are hit with onerous financial disclosure requirements as soon as they raise over \$100,000. Do you agree we need to remove crowdfunding barriers for small issuers?

Mr. ATKINS. Absolutely.

Mr. MEUSER. Great. I am glad you agree because my legislation, the Amendment for Crowdfunding Capital Enhancement and Small Business Support (ACCESS) Act, does exactly this, which was included in the INVEST Act. So that is good to hear.

You have stated before that you want to make IPOs great again. Exchanges I meet with say this year, minus the disruption during the government shutdown, have been terrific for IPOs. How have you achieved this success?

Mr. ATKINS. Well, I think part of it is just a change of tone, frankly, and to tell people that we are out to try to make it attractive again to be public and that we are serious about it. The three pillars that I mentioned earlier about trying to rightsize and modernize, rationalize the disclosure framework. Second is to focus on litigation reform, the few ways that I have in my toolbox to do that. Third, is to focus on weaponization of the corporate governance apparatus.

Through those this might be at the margins, but I think just that tone has been able to attract people and increase interest. We will continue that and, as we put points on the board as we come out with proposed rules and then, ultimately, finalize them, I think that will help do it as well.

Mr. MEUSER. If there is anything within that or anything that you are working on that you recommend us to codify, we would very much appreciate your guidance and suggestions.

Thank you, Chairman.

I yield back, Mr. Chairman.

Mr. FLOOD. The gentleman yields back.

The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you so much, Mr. Chair.

Chairman Atkins, is it a coincidence that only weeks after Trump family owned World Liberty Financial launched its stablecoin that SEC's division of corporation finance that oversees released a statement declaring that stablecoins are not securities?

Mr. ATKINS. I do not think one has to do anything with the other but the stablecoin aspect came from ultimately the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, obviously, which took stablecoins out of—

Ms. TLAIB. So no coincidence.

Let me tell you why my residents think it was not a coincidence. During the 2024 election cycle, nearly half, Mr. Chair, of corporate spending came from crypto industry. Did you know that?

Mr. ATKINS. Half of corporate spending?

Ms. TLAIB. It says nearly half of corporate spending came from crypto currency—industry, the crypto industry into the 2024 election cycle. Did you know that?

Mr. ATKINS. I have not—

Ms. TLAIB. I can share with your team the report on that.

So crypto intervened in dozens of elections across our Nation, spending more than banks and oil companies. Experts have called it, quote, one of the most aggressive corporate spending sprees in modern political history.

Fast-forward to today, Mr. Chair, the SEC has dismissed, right, fast-forward, dismissed or stayed enforcement actions against major crypto-related donors or supporters of President Trump, such as Coinbase, Kraken, Binance, Justin Sun.

The Commission has seen a significant reduction in staffing, of course, right, with, perhaps, one in five staffers leaving. Whistle-blower awards are down dramatically, and policies are issued without allowing public comment.

Do you see what I am saying here?

The SEC has basically stopped its enforcement efforts in favor of a regulation by the CFTC, which has far fewer resources and staff.

So my residents are asking is this a coincidence. I do not think so.

Mr. Chairman, out of all due respect, I hope you understand the incredible importance of your position because it looks to me like cryptocurrency is getting a tremendous return in its political investments. I cannot fault anyone who thinks your agency is bought and paid for, especially my constituents and residents that watch again how the current administration is violating the Emoluments Clause and so much more in regard to running the business out of the oval office.

I do not know. You answer this question. Folks are listening. Is it a coincidence that Trump pardoned the founder of Binance who was convicted of money laundering and now Binance holds roughly 87 percent of all Trump stablecoins in circulation worth \$4.7 billion? Are you aware?

Mr. ATKINS. Well, Madam, we follow the law as far as actions.

Ms. TLAIB. Of the GENIUS Act.

Mr. ATKINS [continuing]. So we take our duty seriously on enforcement, investigations, and rulemaking.

Ms. TLAIB. Mr. Chairman, why after Justin Sun invested \$75 million in Trump's World Liberty Financial did SEC drop its civil fraud case against them?

Mr. ATKINS. Well, I cannot address any particular—

Ms. TLAIB. You just dropped it. Is there not enough evidence?

Mr. ATKINS. I cannot address any particular matter, especially ones that are still under consideration and investigation.

Ms. TLAIB. No, you dropped the case. It is done. You said there is no fraud.

Mr. ATKINS. Not completely.

Ms. TLAIB. So, not completely. That is good news.

Mr. ATKINS. So anyway, we dropped the registration issue, which I think is a red herring from the previous administration.

Ms. TLAIB. Okay.

So another one. Months after the firm tied to the Emirati royal family purchased 49 percent stake in World Liberty Financial—and just for folks to understand, Trump's World Liberty Financial worth half a billion dollars—the Trump admin then allowed the UAE to purchase 35,000 highly valued AI chips. Did you know that one?

Mr. ATKINS. Again, I cannot speak to any particular—

Ms. TLAIB. Oh, it just smells funny. People still say that, right? No? I do not know. It just looks very suspicious, and it does not give us a lot of faith that you guys are not being influenced by the Trump Administration's World Liberty Financial investments.

Mr. Chairman, I understand, but all of these dropping of cases and everything, just, poof, out of the window, it does not look right.

Mr. FLOOD. The gentlelady's time has expired.

I would like to thank Chairman Atkins for his testimony today.

Without objection, all members will have 5 legislative days to submit additional written questions for the witness to the chair. The questions will be forwarded to the witness for his response. Chairman Atkins, please respond no later than March 18, 2026.

[The information referred to can be found in the appendix.]

Mr. FLOOD. This hearing is adjourned.

[Whereupon, at 1:26 p.m., the committee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

*Privileged, Confidential, and Pre-Decisional***From Ranking Member Waters:****.SEC Independence**

1. *The SEC currently has only three Republican commissioners, and zero Democrats.*
 - a. *Describe the importance of having a diverse, bipartisan Commission membership to the ability of the SEC to uphold its mission.*
 - b. *Do you support the appointment of two additional Democratic commissioners to ensure that the SEC is working fully and fairly?*
 - c. *Identify the names of at least 5 Democrats that you believe would be suitable commissioners to the SEC and provide brief biographies.*

15 U.S. Code § 78d establishes the SEC and lays out the composition of the Commission. While the Commission is a body of five Commissioners, appointed by the President by and with the consent of the Senate, it is more than able to function with less than a full complement of Commissioners and has done so throughout its history. While I would welcome collaboration with any future appointed Commissioners, the SEC is well able to continue our work on behalf of the American public with the Commission's current makeup. I should note that during the 1990s, there was a time when the Commission was composed of only two Commissioners – both Democrats. The Commission continued to function and even amended its quorum rule to accommodate fewer than a full complement of Commissioners.

1. *What safeguards have you, or the SEC, put in place to ensure that market-moving policy announcements by the President or the Administration are not exploited through insider trading or selective disclosure?*

The Commission remains vigilant and committed to holding accountable those who violate the Federal securities laws. We continue to work closely with our partners at self-regulatory organizations such as FINRA and exchanges, who are the front-line surveillance mechanism for U.S. securities markets.

2. *Reports indicate suspicious trading activity ahead of the President's tariff pause and foreign policy interventions, including in Argentina and Venezuela. Has the SEC opened investigations into these trades? If not, why not?*

While I cannot comment on any particular individual or entity, the detection and prosecution of illegal trading in securities based on material, nonpublic information is one of the Commission's enforcement priorities.

3. *Do you believe it is appropriate for SEC leadership to publicly align the agency's enforcement and regulatory posture with partisan political goals?*

As I have stated previously, investor protection is at the core of what the SEC does every day. My goal is to ensure that the SEC is returning its enforcement program to first principles of rooting out fraud and remedying investor harm.

4. *Did you request the resignation of PCAOB Chair Erica Williams? Explain how that action promote independent and rigorous audit oversight?*

I accepted Erica William's resignation as PCAOB Chair some three months after my confirmation. Erica's replacement, Jim Logothetis, has direct, extensive experience that makes him uniquely qualified to lead the PCAOB.

The PCAOB is charged with protecting investors by regulating the audits of public companies and SEC-registered broker-dealers. Chairman Logothetis spent four decades doing the exact thing that the PCAOB regulates—auditing public companies. He led the audits of numerous large public companies prior to retiring from the audit profession about six years ago. Chairman Logothetis has also served as the Chairman of an audit committee, which is the committee of a board of directors responsible for engaging and supervising a company's auditors.

5. *President Trump's ties to the crypto industry have been widely reported, with estimates that he earned approximately \$1 billion from his crypto holdings last year.¹ His projects include memecoins, some of which have been reported to have been subject to pumping-and-dumping, as well as the SWLFI token which some have argued meets Howey's definition of a security but has not been registered as such with the Commission.*

- a. *Is the SEC investigating any cases involving the President, his family, or his associates?*
- b. *Has anyone at the SEC suggested that such an investigation be opened, but was told not to?*

- c. *Would you allow SEC Enforcement to open an investigation into the President, his family, or his associates if there was evidence of a securities law violation?*

The SEC takes seriously its mission to protect investors, maintain fair and orderly markets, and facilitate capital formation. The SEC's Enforcement staff carefully considers tips, complaints, and referrals involving allegations of investor harm and potential violations of the Federal securities laws and allocates resources accordingly to investigate and address investor harm and misconduct across the spectrum of the Federal securities laws and regulations.

6. *Describe any policies, whether formal or informal, restricting the ability of SEC Enforcement attorneys to investigate cases involving the President, members of his Administration, his political supporters, or their family or associates.*
7. *If no such policies exist, confirm in writing that the SEC will enforce the securities laws against the President, members of his Administration, his political supporters, or their family or associates, including pursuing investigations where justified by the facts and the law.*
8. *Confirm in writing that the SEC will not punish, including reprimand, demotion, firing, or take any other unfavorable action against any employee or consultant of the SEC who pursues an investigation of the President, members of his Administration, his political supporters, or their family or associates, where there is evidence of a possible securities law violation.*

Response to 6-8: Central to the SEC's Enforcement mission are its core values to act with integrity (acting honestly, forthrightly, and impartially in every aspect of its work); fairness (assuring that everyone receives fair and respectful treatment, without regard to wealth, social standing, publicity, politics, or personal characteristics); and commitment (recognizing the importance of, and caring deeply about, the SEC's mission of protecting investors and markets). The SEC's Enforcement staff carefully considers all tips, complaints, and referrals involving allegations of investor harm and potential violations of the Federal securities laws.

9. *Please list all of the crypto firms you represented during your time at Patomak Global Partners.*
- a. *Identify much income did you earn at Patomak in 2024, the year before you became Chairman?*
- b. *What crypto investments did you have in 2024? How much did you earn from them?*
- c. *The dramatic and unprecedented deregulation of crypto that has taken place under your leadership of the SEC suggests that you may be using your position to enrich your friends and former clients, continuing the advocacy that you were*

well-compensated for at Patomak. What assurance can you give this Committee that your actions are warranted by the law and prudent economics, and not by your own self-interest?

- d. *Provide a written ethics and recusal log of all recusals have you made related to enforcement matters, rule withdrawals, or deregulatory actions.*

As Chairman of the SEC, I take the obligations of public service and my oath to faithfully discharge my duties seriously. Throughout the confirmation process, and during my time as Chairman, I have met or exceeded the same ethical standards that have been applied to prior nominees of both parties to serve in the position of Chairman. My income and my former clients were disclosed as required by law on my nominee OGE Form 278.

Throughout my career, I have taken my compliance obligations seriously and have scrupulously complied with the law. As Chairman, I continue to consult with the SEC's Designated Agency Ethics Official and act in accordance with my Ethics Agreement and all applicable conflicts of interest laws and regulations.

Dismissal of Crypto Enforcement Actions

10. *Under your leadership, the SEC has dismissed or stayed major crypto enforcement actions where the SEC was prevailing in court, including those involving Coinbase, Kraken, Binance, and Justin Sun. These entities are all major donors or supporters of President Trump. What specific legal or evidentiary deficiencies justified abandoning each of these cases?*

As I stated during my testimony, I cannot speak about any individual matters and case-specific circumstances of voluntary dismissals beyond stating that we have considered each case based on its facts and circumstances, evidence, and litigation risks. However, I can provide some overarching context. The Crypto Task Force (CTF) was launched by then-Acting Chairman Uyeda in January 2025 and is dedicated to developing a comprehensive and clear regulatory framework for crypto assets. I then launched Project Crypto in July 2025 and directed the SEC's policy divisions to work with the CTF to develop clear rules of the road with respect to crypto assets. I further directed them to swiftly develop proposals to implement the President's Working Group on Digital Asset Markets' recommendations from its July 2025 report.

On 17 March 2026, the Commission published an interpretative release, which also included relevant guidance from the Commodity Futures Trading Commission (CFTC), titled "Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets." The interpretative release provides clarity to the market by providing a taxonomy of crypto assets. The Commission clearly excluded from SEC jurisdiction digital commodities, collectibles, tools, and stablecoins. I have also previewed that the SEC is developing proposed rules relating to crypto assets that may fall in our jurisdiction, as well as exemptive relief, and we are working closely with the CFTC to co-ordinate and

harmonize our approach to crypto assets. There is also pending potential legislation related to the SEC's jurisdiction over crypto assets.

Given the policy set forth in the interpretative release, the pending work of the Crypto Task Force, and in the exercise of its discretion and as a policy matter, the Commission has largely dismissed cases that alleged violations of certain registration provisions of the Federal securities laws. Additionally, the Coinbase and Kraken cases were dismissed before I was sworn in as Chairman. It is also important to note that the Commission did not dismiss the *SEC v. Justin Sun, et al.* case in full; rather, the Commission entered into a global settlement with the Sun-related defendants in which Rainberry, Inc., agreed to settle to wash-trading related charges, which is a form of market manipulation. Rainberry agreed to be permanently enjoined from violating the antifraud provision of Section 17(a)(3) of the Securities Act of 1933 and to pay a \$10 million civil penalty.

- a. *Many of the cases that were dismissed included federal court decisions that certain crypto assets were securities. Will the SEC continue to investigate cases of suspected fraud or other securities violations that include these tokens?*

Yes, to the extent that tokens are offered and sold subject to investment contracts or are "Digital Securities" as defined in the 17 March 2026 interpretative release. Last year, the Commission announced the Cyber and Emerging Technologies Unit (CETU) within the Division of Enforcement, and the staff in that Unit focus on combatting cyber-related misconduct and protecting retail investors from bad actors in the emerging technologies space, including combatting fraud involving blockchain technology and crypto assets. We have continued to bring fraud cases involving crypto assets out of this Unit and the broader Division of Enforcement and will continue to do so. As a few examples of recent enforcement actions in this space, in December 2025, the Commission sued the founder and CEO of VBit Technologies Corp., for allegedly fraudulently raising over \$95 million from approximately 6,400 investors and misappropriating over \$48 million of investor funds in connection with his bitcoin mining business. Also in December 2025, the Commission sued Morocoin Tech Corp. and other purported crypto asset trading platforms and associated investment clubs, alleging that they defrauded retail investors of at least \$14 million in an investment confidence scam by using supposedly AI-generated investment tips to lure investors to open accounts on purported crypto asset trading platforms and then offering investors tokens purportedly issued by legitimate businesses. In fact, as the complaint alleges, no trading took place on the trading platforms, and the purported issuing companies did not exist. Enforcement actions such as these demonstrate the Commission's commitment to protecting investors from fraud, wherever it occurs.

- b. *Did you consult with the White House, Treasury, or any political officials before deciding to halt or dismiss these enforcement actions? If so, please list the dates of those conversations, who was present, summarize what was discussed, identify any relevant action taken following that meeting and the date of that action.*

No.

- c. *Describe how terminating these cases deters fraud and manipulation in crypto markets that now touch millions of retail investors, including seniors and communities of color?*

The Interpretative Release of 17 March 2026 sets forth the SEC's interpretation of its jurisdiction over digital assets vis-à-vis that of the CFTC. Between the jurisdictions of the two agencies, investors are covered regarding these instruments. As noted above, the Cyber and Emerging Technologies Unit is dedicated to protecting retail investors from bad actors in the emerging technologies space, including combatting fraud involving blockchain technology and crypto assets, and the SEC has brought and will continue to bring cases that protect investors from fraud in the crypto asset markets if it falls within the SEC's jurisdiction.

11. *At the hearing, you said that the SEC had "dropped the registration issue" in the Sun case, "which I think is a red herring from the previous administration." This statement appears to be consistent with your prior statement that "[m]ost crypto tokens are not securities."² Provide a detailed legal analysis supporting this view.*

I cannot speak about any individual matters and case-specific circumstances beyond stating that we have considered each case based upon its facts and circumstances, evidence, and litigation risks. On 17 March, the Commission and the CFTC issued a joint interpretation clarifying how the Federal securities laws apply to certain crypto assets and transactions involving crypto assets.¹ In the release, among other things, the two Commissions classified crypto assets into categories based on their characteristics, uses, and functions, and analyzed each category under the definition of "security" under the Federal securities laws. The release also addresses how a "non-security crypto asset"—which is a crypto asset that itself is not a security—may become subject to, and how it may cease to be subject to, an investment contract.

12. *Describe the legal and factual conditions under which the SEC has jurisdiction to investigate and enforce the securities laws in cases involving crypto tokens.*

The SEC enforces the Federal securities laws, which require a security as defined in the Federal securities laws and by relevant caselaw. As previously noted, the Commission and the CFTC have issued an interpretative release to describe and provide clarity on the definition of a security with respect to crypto assets. The Commission explained in the interpretation how a non-security crypto asset becomes subject to an investment contract when an issuer offers it by inducing an investment

¹ See Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets, Rel. No. 33-11412 (Mar. 17, 2026), available at <https://www.sec.gov/files/rules/interp/2026/33-11412.pdf>

of money in a common enterprise with representations or promises to undertake essential managerial efforts from which a purchaser would reasonably expect to derive profits. Specifically, the Commission looks to the test developed by the U.S. Supreme Court in *SEC v. W.J. Howey Co.* (known as the “Howey test”) to determine whether such non-security crypto assets fall within the purview of the Federal securities laws.

13. *To the extent you claim the SEC lacks jurisdiction over most crypto tokens, describe how the SEC has jurisdiction launch Project Crypto and to convene a Crypto Task Force to “provide clarity on the application of the federal securities laws to the crypto asset market and to recommend practical policy measures that aim to foster innovation and protect investors.”³*

For over a decade, market participants have operated without clear guidance from the SEC on a fundamental question: when does a crypto asset implicate the Federal securities laws? Our work on Project Crypto seeks to address this issue. The Commission recently took an important step in that direction by issuing a joint interpretation with the CFTC regarding the application of the Federal securities laws to certain types of crypto assets and certain transactions involving crypto assets. See <https://www.sec.gov/files/rules/interp/2026/33-11412.pdf>. Among other things, the interpretation provides a coherent taxonomy for which digital assets are and are not securities and also addresses how a non-security crypto asset may become subject to, and how it may cease to be subject to, an investment contract. The interpretation is just one example of how our work on Project Crypto can provide much-needed clarity to a marketplace that too often has had to guess at the agency’s views.

Private and Hedge Fund Markets

14. *You support expanding retail access to private equity, private credit, and hedge funds.*
- a. *Detail the risks, especially to retail investors saving for retirement, that expanding private market access poses to retail investors and what steps the SEC is taking to mitigate these risks.*

Many retail investors obtaining exposure to private market assets are seeking to do so through pooled investment vehicles, such as registered investment companies and business development companies (“regulated funds”), because they may offer efficient access to a broadly diversified portfolio, reducing reliance on any single investment. Our securities regulation framework provides comprehensive protections for retail investors accessing private market investments through regulated funds, including mandatory registration and disclosure under the Securities Act of 1933, ongoing reporting requirements under the Securities Exchange Act of 1934, and substantive operational requirements under the Investment Company Act of 1940. Existing SEC rules and statutory provisions put in place substantive requirements to protect investors in key areas such as valuation, leverage, and affiliated transactions; require clear disclosure of risks, fees, conflicts of interest; and require compliance programs and oversight by independent

directors, including the oversight of conflicts of interest between a fund and its investment adviser. This multi-layered regulatory approach ensures retail investors receive material information and structural protections that are absent in purely private offerings.

The SEC continues to monitor the growth of retail participation in private markets, including distribution practices, fee structures, leverage usage, and concentration risks. We remain committed to evidence-based policymaking that facilitates capital formation and investor choice while ensuring markets remain fair, orderly, and efficient.

- b. *Identify additional disclosure requirements that the SEC has issued, or is considering, to protect retail investors from riskier private markets.*

For registered funds (and business development companies) that invest in private funds or invest directly in private markets, the required disclosures generally do not differ based on the fund's underlying investments. These requirements focus on descriptions of the fund's objectives, strategies, risks, fees, and operations. When a fund invests primarily in private market assets, however, its disclosures should be tailored to reflect the unique features and risks of those investments.

In addition, Commission staff recently issued guidance describing additional disclosures that may be appropriate for registered funds of private funds. See ADI 2025-16 - Registered Closed-End Funds of Private Funds, available at <https://www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds>.

- c. *Explain how expanding retail investor access to private markets, thereby funneling more money into private companies, squares with your desire "to make IPOs great again." Specifically, explain why a company would IPO if it can stay private and still have access to retail investors with fewer regulatory and disclosure requirements.*

One of the three prongs of the SEC's statutory mission is to facilitate capital formation, and certainly that means a priority should be to make our public markets more attractive so that there are more public companies. It also means making sure that companies have access to capital at earlier stages, so that there is a robust pipeline of enterprises growing ripe for the public markets. From my perspective, not only does that mean these two objectives square, considering them both is what we should be doing. Every public company starts its life as a private company, and it's the SEC's job to make sure that they have reasonable means to raise capital while protecting investors. If we are not considering the reality of earlier stage and private financing, we are missing half the picture. It is important to note that all investors should have the ability to have a well-diversified investment portfolio. With the decline of the number of public companies over the past thirty years, many investors believe that exposure to the private market is essential to such

diversification. I should also note that the SEC's anti-fraud jurisdiction and Section 10(b) of the '34 Act extends to private securities markets.

- d. *Private equity returns have lagged the S&P 500 in recent years. Are there steps that Congress can take to reduce the risk private markets pose to retail investors?*

The SEC's mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. It is not the Commission's role to influence how any particular category of investment performs as it is not a merit regulator. Differences in performance between private and public markets are expected and, in many cases, beneficial. Private investments—including private equity, private credit, venture capital, infrastructure, and real estate—often provide returns that are less correlated with traditional public markets. When included in a diversified portfolio, private market assets can help enhance overall returns and reduce volatility.

15. *You have repeatedly delayed compliance with Form PF amendments, a key tool for monitoring systemic risk. How is the SEC currently monitoring risks in private markets that affect pension funds and retirement savers?*

Reporting by registered investment advisers on Form PF continues and has not been interrupted by the compliance date extension of the 2024 amendments.

16. *At what point do repeated compliance extensions effectively nullify rules that Congress and prior Commissions deemed necessary?*

The Commission has at times provided extensions to compliance dates, typically in response to requests from registrants and market participants who need additional time to address particularized challenges associated with coming into compliance by the initial compliance date. Such compliance date extensions are time limited, however, and do not change or otherwise rescind the substance of the underlying rule.

Shareholder and Investor Rights

17. *At your direction, the Division of Corporation Finance has largely ceased issuing no-action letters on shareholder proposals. How is the SEC protecting investor rights when it withdraws interpretive guidance?*

The Division of Corporation Finance staff statement was issued due to resource constraints resulting from the longest government shutdown in history. During the course of the proxy season, the Division has received approximately 180 notifications from companies

intending to exclude shareholder proposals that have requested a response indicating that the Division would not object to the company doing so. This is far fewer than the nearly 400 no-action requests the Division received last year. We have also seen that many companies elected to include shareholder proposals without first attempting to exclude them. We will assess the results of this season in more detail once it is complete. The policy does not place a thumb on the scale in favor of either management or proponents, but instead conserves valuable staff resources and enables companies and proponents to negotiate and make their own evaluations regarding exclusion and litigation.

18. *The SEC's recent actions point to the possibility that the SEC will eliminate Rule 14a-8 altogether, foreclosing the opportunity for shareholders to raise material concerns with public companies outside of informal outreach (which is often ignored) and costly litigation.*

- a. *Can you commit in writing that the SEC has no intention of withdrawing Rule 14a-8 under your tenure?*
- b. *What steps is the SEC taking to ensure shareholders are able to raise material concerns with the companies they own?*

The SEC included a rulemaking entitled Shareholder Proposal Modernization on the Spring 2025 Regulatory Flexibility Agenda. The staff are preparing recommendations for a rule proposal for the Commission to consider. The recommendations will become public when presented for a vote by the Commission.

Any rulemaking in this area will be part of a broader effort to increase the number of public companies, which ultimately benefits investors in terms of potential capital appreciation and more opportunity for diversified and liquid investment portfolios.

The staff of the Division of Corporation Finance has held and continues to hold frequent discussions with proxy advisors, public company representatives, and shareholder proponents in order to understand all aspects of the shareholder proposal process.

In line with the "Protecting American Investors From Foreign-Owned And Politically-Motivated Proxy Advisors" Executive Order, the staff have been asked to consider all rules, regulations, guidance, bulletins, and memoranda issued in relation to shareholder proposals.

19. *In September 2025, the SEC issued a policy statement permitting mandatory arbitration clauses that limit private rights of action without first seeking public comment.*

- a. *Provide a legal analysis for how the SEC is able to effectively eliminate private*

rights of action against public issuers without given the public an opportunity to be heard.

- b. *Provide a policy justification for how eliminating private rights of action against public issuers promotes the SEC's mission to protect investors.*

Public comment is unnecessary when the Commission is merely clarifying its views regarding matters in its discretion. The Commission's policy statement informs the public that the presence of a provision requiring arbitration of investor claims arising under the Federal securities laws will not affect decisions regarding acceleration of the effectiveness of a registration statement, consistent with how the courts have considered the scope of public interest and investor protection standards under Securities Act Section 8(a).

Specifically, courts have determined that, when applying this standard, it is permissible for the Commission only to consider those matters over which the Commission has authority under the Federal securities laws. Because the Federal securities laws do not override the Federal Arbitration Act when it applies to an issuer-investor mandatory arbitration provision, the existence of such a provision is not within the ambit of appropriate considerations of the public interest and investor protection standard under Section 8(a).

The policy statement reflects the position that the Commission is a disclosure agency and not a merit regulator. The policy statement does not take a position as to whether issuer-investor mandatory arbitration provisions are good or bad from a policy perspective. Rather, the Commission will be focused on ensuring full and fair disclosure of material information regarding an issuer-investor mandatory arbitration provision, to the extent a company adopts one. Such disclosure protects investors by providing them with information they can use to make an informed investment decision. Because some States have taken a position on this issue regarding corporations incorporated under their laws, the Commission views such a matter to be properly within the authority of a company's state of incorporation.

20. *Investors have consistently requested decision-useful climate-risk disclosures, yet the SEC abandoned its defense of finalized climate rules. How did you weigh investor demand against issuer opposition, and what disclosures—if any—will replace those rules?*

It is not uncommon for regulatory priorities and litigation focuses to shift with changes in administration. However, for every administration, the Commission must stay true to the statutes under which Congress has given the SEC authority to require disclosure.

When promulgating disclosure requirements, the Commission should focus on eliciting information that a reasonable investor would find significant or important in making an investment decision. This objective standard of materiality is the cornerstone of the Federal securities laws. As Justice Thurgood Marshall stated in the U.S. Supreme Court's *TSC Industries, Inc. v. Northway, Inc.* opinion, "if the standard of materiality is unnecessarily low...shareholders [may be buried] in an avalanche of trivial information—a result that is hardly conducive to informed decision-making." While demand for information from a group

of investors is a factor that the Commission may consider when deciding whether to promulgate a disclosure rule, such demand for information, by itself, is insufficient to satisfy the objective standard of what a reasonable investor would find significant or important. Investors certainly are not monolithic, and various investors may be motivated by their own special interests, including undisclosed business interests. Thus, the Supreme Court's articulation of an objective standard of financial materiality, as articulated by Justice Marshall, is the appropriate standard, not "decision-useful," whatever that may mean.

21. *Explain the SEC's position on requiring quarterly to semi-annual reporting. Detail the status of any public comment on the matter and the anticipated timeline for when the SEC expects to make a decision on this issue.*

On 5 May 2026, the Commission proposed amendments that would give issuers the option to report on a semiannual basis. Public companies have an obligation under the Federal securities laws to provide information that is material to investors. Yet, the rigidity of the SEC's rules has prevented companies and their investors from determining for themselves the interim reporting frequency that best serves their business needs and those of investors.

In determining a company's reporting cadence, a company might consider factors such as the costs and management time of preparing quarterly reports versus semiannual reports, expectations of its investors, potential effects on its cost of capital, the stage of its business development, the nature of its business model, other avenues of disclosure including earnings calls and current reports on Form 8-K, and prospects of increased research coverage, all without undermining fundamental investor protections. Ultimately, this flexibility might reduce some of the burdens of being a public company and potentially influence a company's decision to become or remain public.

The public will have 60 days from the date the proposed amendments are published in the Federal Register to provide comments on the proposal.

Deregulation and Market Risk

22. *The SEC's Spring 2025 Regulatory Flexibility Agenda contemplates reducing disclosure obligations and expanding access to risky private assets for retirement savers. How do these rollbacks square with your duty to protect investors?*

Private markets can provide important and diverse opportunities for investors and, like other areas of our markets, involve risks investors should consider. At the Commission, we are focused on embracing growth and innovation across all asset classes while protecting investors through guardrails that guide proper investment into these private assets.

23. *Former SEC Commissioner Caroline Crenshaw compared this deregulatory trend to*

the period before the 1929 crash. What historical lessons are you relying on to justify this approach?

Many things have happened since 1929, including the creation of the Securities and Exchange Commission. The Commission's current agenda is focused on advancing, clarifying, and transforming our regulatory approach by modernizing and reducing unnecessary costs and burdens in a way that would retain strong investor protections while allowing opportunities for the markets to continue to flourish.

24. *On June 4, 2025, you told the Senate Appropriations Subcommittee on Financial Services that "The SEC is returning rulemaking to regular order. Our comment periods will not be artificially short, and the public will have ample time to provide feedback."⁴ This view is consistent with statements you made during your first term at the SEC, that "every Commission action should be preceded by an opportunity for public comment and an honest assessment of costs, including effects on efficiency, competition and capital formation."⁵ And yet, during your time as Chairman of the SEC, you have repeatedly eschewed notice-and-comment rulemaking and embraced back-door policymaking through staff statements, policy announcements, and compliance-date extensions.*

- a. *Please explain this shift and the legal justification for it.*
- b. *Explain how reducing opportunity for notice-and-comment rulemaking squares with the need for transparency and public participation in the rules that govern the securities markets.*
- c. *In situations where the SEC is engaging through policymaking without notice-and-comment, what steps is the SEC taking to ensure transparency about what individuals and entities are influencing policy, including the substance of their positions?*

Staff are currently preparing recommendations with respect to proposed rulemakings on a number of different fronts, as outlined in the Agency's current regulatory agenda. The Commission also has taken steps to clarify its interpretation of the law. One example is the Interpretative Release of 17 March 2026, which is not a rulemaking under the Administrative Procedure Act. Simultaneously, staff have prepared and issued statements providing their views on various matters in response to requests from market participants. Staff statements are non-binding and are not a substitute for Commission action. Rulemaking, however, takes time, and staff are hard at work preparing their recommendations, consistent with my directive to carefully consider the costs and potential impacts for markets and investors. When published, each of these proposed rulemakings will provide ample time for public comment, as I have previously committed the Commission to doing.

25. **In June 2025, the SEC withdrew fourteen proposed rulemakings, including**

protections regarding Artificial Intelligence (predictive data analytics), cybersecurity, and market structure reforms relating to best execution and order competition (issues that were central to our work in 117th Congress related to the events surrounding the manipulation of GameStop stock).

- a. **How can you justify the rollback of these important and experience-based regulations? Did the SEC engage in any empirical analysis before reversing course?**
- b. **Do you intend to reinstate any of these investor-protection priorities?**
- c. **Do you believe the SEC is bound by the Administrative Procedure Act?**
- d. **How can Congress and the public assess whose interests are influencing SEC policy if major decisions are made outside the rulemaking process?**

It is not uncommon for regulatory priorities to change with new administrations. Our formal withdrawal of these proposals reflects our effort to be transparent in that respect. Our current regulatory agenda includes a number of policy areas where we think more could be done to advance investor protection and market efficiency, including potential amendments to streamline disclosure requirements and update custody requirements. In all of our rulemakings, we follow the requirements of the Administrative Procedure Act, including providing a clear explanation for our policy choices and carefully considering the economic implications of our actions. In many cases, this also involves providing a robust period of public comment.

26. *Why did the SEC, under your leadership, extend compliance for short-sale and securities-lending transparency rules into 2028? How can investors detect manipulation in the meantime?*

On 25 August 2025, in response to the petition for review filed by the National Association of Private Fund Managers, the Managed Funds Association, and the Alternative Investment Management Association (collectively, “Petitioners”), the U.S. Court of Appeals for the Fifth Circuit (“Court”) struck down these rules adopted by the previous Administration for deficient economic analysis. Specifically, the court remanded, without vacatur, Rules 13f-2 (short sale disclosure) and 10c-1a (securities lending transparency) (the “Rules”) to the Commission to allow the agency to consider and quantify the cumulative economic impact of the Rules, consistent with the Court’s opinion. The Court otherwise denied the petition for review. In light of the Court’s remand, on 3 December 2025, the Commission deferred the compliance dates for both of the Rules. As stated in the extension orders, the Commission determined that temporary exemptions are necessary in the public interest and consistent with the protection of investors because they will allow the Commission time to respond to the Court’s opinion and take any further appropriate actions, which may include proposing amendments to the Rules. In addition, the temporary exemptions will allow these actions to occur in a manner that could minimize potential costs entities may incur to comply with any provisions of the Rules that could change.

The Commission has a robust enforcement and examination program designed to detect

and prevent manipulation and other fraudulent conduct and routinely brings enforcement actions alleging violations of the Federal securities laws, including Sections 9(a) and 10(b) of the Securities Exchange Act of 1934.

Enforcement, Staffing, and Upholding the SEC's Mission

27. *You have promoted a “notice-first” enforcement approach while restructuring the Consolidated Audit Trail (CAT). How can the SEC effectively detect insider trading and manipulation if enforcement is weakened and surveillance tools are narrowed?*

As noted previously, under my watch, the Commission has brought enforcement actions that hold wrongdoers to account, and we will continue to do so. The Commission has successfully brought enforcement cases based on information collected through CAT by the Market Abuse Unit of the Enforcement Division. As always, we remain vigilant and committed to holding accountable those who violate the Federal securities laws and to uncovering and addressing fraudulent schemes that harm investors.

28. *Each year, the SEC releases an annual Enforcement report, which summarizes the enforcement actions brought, the financial remedies received, and generally indicates the Division of Enforcement's priorities. In a break from tradition and further obscuring access to information at the SEC, this report was not released for 2025. Appreciating the report may have been delayed by the six-week government shutdown in the Fall, the report is now over three months late. Do you intend to release an Enforcement report for FY 2025? If not, why not?*

- a. *Identify the total number of investigations opened since January 20, 2025.*
- b. *Identify the total number of investigations closed since January 20, 2025, as well as the number of closed matters that were opened prior to January 20, 2025.*
- c. *Identify the total number of open litigation matters pending in federal district court, exclusion collections matters, as of February 28, 2026, as well as the number of these matters that were pending prior to January 20, 2025.*
- d. *Identify the total amount of penalties obtained since January 20, 2025.*
- e. *Identify the total amount of disgorgement obtained since January 20, 2025.*

As stated in the Press Release issued on 8 April 2026, the SEC brought 456 enforcement actions in Fiscal Year 2025, including 303 standalone actions and 69 “follow-on” administrative proceedings seeking to bar or suspend individuals from certain functions in the securities markets based on criminal convictions, civil injunctions, or other orders. These actions addressed a broad range of significant issues, including offering fraud, market manipulation, insider trading, issuer disclosure violations, and breaches of fiduciary duty by

investment advisers. Our enforcement program has prioritized charging individuals for violating the Federal securities laws and will continue to do so. Critically, the Division's enforcement efforts allowed the SEC to return roughly \$262 million to harmed investors. The SEC obtained orders for \$17.97 billion in financial remedies during fiscal year 2025, consisting of \$10.76 billion in disgorgement of ill-gotten gains and prejudgment interest and \$7.21 billion in civil penalties.

29. *In the absence of an annual Enforcement report, others have stepped in to glean what they can from public filings and releases. These numbers are dismaying. According to the Brattle Group, the number of enforcement actions is down from the previous year.⁶ But most telling is the fact that, in the second half of fiscal year 2025, when you were Chairman, the number of enforcement actions totaled 144, roughly 30% of the amount brought during the second half of fiscal year 2024. The only conclusion is that Wall Street's cop is not on the beat and fraudsters and others who skirt securities laws are getting away with their bad acts.*

- a. *As the securities markets grow larger and more complex, explain how the SEC is able to fulfill its mission with the dramatic staffing cuts and early retirement programs promoted under your leadership and that of Acting Chairman Uyeda?*

Our workforce reshaping efforts are commensurate with a return to our core mission of investor protection, capital formation, and market integrity. Our restructuring efforts, recommitment to our foundational mission, regulatory modernization, increased innovation and gains in agency operational efficiencies have enabled a leaner, more effective SEC workforce, while at the same time providing opportunities to bring in critical talent and skillsets that help us respond to rapidly evolving market conditions.

- b. *Provide a table detailing the SEC's staffing numbers on January 19, 2025 and on*

February 28, 2026. The table should separately reflect the number of employees and consultants by SEC Office and Division, as well as the total number of employees and consultants at the SEC on these two dates.⁷ An example of this table is below.

	January 20, 2025		February 28, 2026	
	Employees	Consultants	Employees	Consultants
Administrative Law Judges	8	0	6	0
Corporation Finance	424	11	373	0
Economic and Risk Analysis	190	30	168	9
Enforcement	1357	390	1104	301
Examinations	1141	137	961	7
Investment Management	215	28	165	31
Trading and Markets	272	16	223	15
EDGAR Business Office	42	219	32	174
Acquisitions	59	5	49	0
Advocate for Small Business	11	0	11	0
Capital Formation				
Chief Accountant	42	0	43	0
Chief Data Officer	28	63	23	53
Chief Operating Officer	26	30	21	12
Credit Ratings	43	4	32	4
Equal Employment Opportunity	10	14	7	24
Ethics Counsel	21	0	19	0
Financial Management	82	27	65	6
General Counsel	154	6	119	4
Human Resources	124	250*	101	225*
Information Technology	204	1255*	164	874*
Inspector General	53	16	50	11
International Affairs	56	0	50	0
Investor Advocate	18	0	11	0
Investor Education and Assistance	44	2	34	0
Executive Staff (including Legislative/Intergovernmental Affairs)	31	0	33	0
Minority and Women Inclusion	12	1	1	0
Municipal Securities	10	0	6	0
Public Affairs	24	9	24	9
Secretary	22	6	19	5
Strategic Hub for Emerging Technology	8	0	0	0
Support Operations	85	349*	72	281*

- Many of these contractors provide agency-wide support (e.g., IT Help Desk, Security, Sign Language Interpreters)

- c. *Of those that have departed the SEC since January 20, 2025, how many had worked for the federal government for more than 20 years?*

A total of 902 employees departed the SEC between 20 January 2025 and 11 March 2026, with 432 of those employees (48%) having 20 or more years of SEC tenure.

- d. *Identify the cost savings to the SEC as a result of the reduction in staffing.*

The costs attributable to the salary and benefits of employees who departed since January 2025 is approximately \$273 million (annualized); however, we note that our broader reshaping and restructuring efforts, including hiring of new employees with critical skillsets, have offset some of these estimated savings.

30. *Under your leadership, the SEC is making dramatically fewer whistleblower awards. According to the fiscal year (FY) 2025 report, award orders for FY 2025 totaled \$59.7 million. This figure averages around \$2 million per award. The 2025 report stands in stark contrast to FY 2024 and FY 2023, which had totals of \$255 million and \$600 million, respectively.⁸ During his tenure, Chairman Jay Clayton said: “Over the past ten years, the whistleblower program has been a critical component of the Commission’s efforts to detect wrongdoing and protect investors and the marketplace, particularly where fraud is well-hidden or difficult to detect.”*

- a. *Explain the dramatic drop in whistleblower awards under your leadership?*

In FY24, the Commission issued whistleblower awards to 47 individuals. By comparison, the Commission made more whistleblower awards in FY25, issuing awards to 48 individuals. While the total dollar amount awarded was higher in FY24 than in FY25, the dollar amount of the award is a function of the amount collected by the Commission in the underlying enforcement action. As a result, the total amount awarded by the Commission to whistleblowers may fluctuate from year to year. Additionally, approximately \$191 million of the total \$255 million awarded in FY24 resulted from just five awards. For fiscal years in which awards are issued based on enforcement actions or related actions imposing large monetary sanctions, like FY24, the total dollar amount awarded to whistleblowers will tend to skew upward when those award claims are processed.

- b. *If whistleblowers are less likely to receive such awards, logic dictates that they will be less incentivized to risk the loss of employment or other retribution to come forward. What steps is the SEC taking to ensure that potential-whistleblowers are encouraged to come forward?*

In addition to making whistleblower awards to more individuals in FY25 than in FY24, the Commission took other steps to ensure continued interest in the whistleblower program. One of the complaints received over the years is the perceived delay in award claim processing times. To increase efficiencies and to issue preliminary answers to

whistleblowers more quickly, the Office of the Whistleblower made extensive use of the Preliminary Summary Disposition process, issuing 198 Preliminary Summary Dispositions to claimants in FY25. The Commission also barred five claimants from participation in the whistleblower program in FY25 because of their repeated filing of frivolous claims, which drains resources and slows down the review process for potentially meritorious whistleblowers. We believe that improvements in processing times and the reduction of frivolous award claims helps to incentivize greater participation and interest in the Commission's whistleblower program.

- c. *Has the SEC experienced a decline in whistleblowers coming forward as a result of the decreasing whistleblower awards? Provide specific numbers, comparing FY 2025 to FY 2024.*

No, the Commission has not experienced a decline in whistleblowers reporting potential violations to the Commission. In FY24, the Commission received approximately 24,980 whistleblower tips. Two individuals were responsible for over 14,000 tips in FY24. By comparison, in FY25, the Commission received approximately 27,000 whistleblower tips. Approximately 12,000 of the tips were attributable to two individuals, the same two individuals responsible for the 14,000 tips in FY24.

31. *We have heard reports of a significant collapse of morale among SEC staff. The SEC used to consistently win awards as being one of the best places to work in the Federal government. Now experienced and essential staff are leaving in droves and those left feel betrayed by a leadership that broke its agreements with staff and the union for fair and favorable working conditions.*

- a. *Describe important is the SEC's staff to achieving its mission of protecting investors, maintaining fair, orderly, and efficient markets?*
- b. *What steps are you, and the SEC, taking to recruit and retain the talent that the SEC needs to perform the essential functions that Congress has mandated?*

I believe that the "significant collapse of morale" that you speak of happened well before I arrived at the SEC. The SEC workforce is our most critical asset in serving the American people and ensuring that our capital markets remain worthy of investors' trust. The voluntary retirements, buy-outs, and other reshaping efforts that occurred after Inauguration have enabled a leaner, more effective workforce that is well-positioned to deliver on mission and priorities. Our compelling mission and value proposition as an employer continue to help us recruit and retain the talent needed to perform our essential roles.

Prediction Markets

32. *Please describe any existing laws, regulations or disclosure responsibilities placed on public companies, their officers and directors, regarding bets made in the prediction markets that involve their company or industry, including details regarding any such actions that the SEC has identified and any profits or losses therefrom.*

33. *Describe the SEC's position on any prohibitions or disclosure responsibilities placed on public companies, their officers and directors, regarding bets made in the prediction markets that involve their company or industry, including details of the bets and any profits or losses therefrom.*

Responses to 33-34: Prediction markets represent an area where coordinated regulatory clarity between the SEC and CFTC is needed to avoid driving innovation offshore. National securities exchanges are increasingly exploring the role that event-based products might play within SEC-regulated markets. These instruments can offer transparent, exchange-traded ways for market participants to express views about economic outcomes or hedge discrete risks. I would like to see our agency provide clarity surrounding when an event-based contract falls within SEC jurisdiction, in conjunction with the CFTC.

Certain event contracts may be security-based swaps, or other types of securities, such as options on securities, which are subject to securities laws.

34. *Describe whether trades made by insiders on derivatives exchanges could be used to evade existing restrictions in the securities laws around insider trading.*

a. *If so, describe whether the SEC has authority to stop such evasion;*

b. *Has the SEC identified any instances of potential securities law violations by these firms? If so, describe these instances in detail and please preserve all related documents, including but not limited to the following:*

i. *Any record or communication including but not limited to, internal monitoring and communications with other agencies;*

ii. *The identity, contact information, bank information, and/or crypto account information of any user or accountholder that engaged in such an activity;*

iii. *The transaction history since account inception, of any user/acountholder identified in response to Item 1.b., including but not limited to the bet time, date, subject, amount, whether the bet was successful or not, and when any winnings were paid or losses subtracted from the accountholder's account, and any information about any transfer of any funds to another institution;*

- iv. *Any investigation, review, or report of any such activity, including any activity with, or taking place on, a crypto platform;*
- v. *Any communication with any government entity regarding any such investigation, review, or report;*
- vi. *Any communication with any third party regarding such activity; and*
- c. *If the SEC does not have this authority, describe legislation that would enable it to take such action.*

While I cannot comment on enforcement efforts with respect to particular individuals or entities, the Commission will continue to enforce the antifraud provisions of the Federal securities laws, including those that pertain to trading securities based on material, nonpublic information.

Questions for the Record
 U.S. House Committee on Financial Services
Oversight of the U.S. Securities and Exchange Commission
 11 February 2026

Questions from Representative Bill Huizenga

1. Chairman Atkins, you have been vocal that the current “accredited investor” definition is a blunt instrument that unfairly excludes millions of sophisticated Americans from private market growth based solely on their bank account balance. Given that these investors are already protected by the rigorous fiduciary duties of investment advisers and the Regulation Best Interest mandates of broker-dealers—both of which legally require the professional to put the client’s interests first—wouldn’t you agree that the “protection” we need is already in place? And in light of that, shouldn’t the SEC recognize that an investor’s relationship with a regulated financial intermediary provides a more robust and modern standard for access than an arbitrary wealth test?

The accredited investor definition is a “blunt instrument” and could use modernization. There are many ways for investors to demonstrate the sophistication and knowledge needed to make a well-informed investment in the private markets. Sophistication cannot and should not be measured on income and net worth alone. I have directed the staff to explore ways to facilitate the ability of individual investors to participate in the private markets, while at the same time protecting those investors from bad actors and fraud.

As you know, Chairman Atkins, all SEC-registered offerings are subject to robust and objective federal review, as well as ongoing disclosure and reporting requirements. You have spoken frequently about your project to “make IPOs great again,” noting that the number of U.S. listed companies has plummeted by 40% over the last three decades due to what you’ve described as “regulatory creep.” While some issuers are increasingly pushed toward private placements to avoid these burdens, this trend is hollowing out our public markets and shifting our largest global companies away from the transparency of an SEC-registered offering. If we want to restore the public market as the primary engine for American growth, we must address the “friction” that makes public status unattractive.

2. In light of this dynamic, will you support working with your Staff and Congress to streamline and modernize federal regulation and remove duplicative regulation that can delay or block offerings from efficiently accessing our public markets?

We must work to streamline and modernize regulation and remove duplicative disclosure requirements and I am happy to work with Congress and SEC staff to that end. One of my priorities as Chairman is to reform the SEC’s disclosure rules with two goals in mind. First, the SEC must root its disclosure requirements in the concept of financial materiality. Second, these requirements must scale with a company’s size and maturity. Raising capital through an IPO should not be a privilege reserved for “unicorns.” Our regulatory framework should make it possible for companies in all stages of their growth and from all industries to pursue an IPO, particularly an IPO that represents a capital raising mechanism for the company, instead of merely a liquidity event for insiders.

3. The requirements of Section 11 under the 1940 Act are to prevent exchange offers made solely to exact additional selling charges. Given that the modern marketplace is now governed by robust standard of conduct regulations at both the federal and state levels (e.g., SEC's Regulation Best Interest, the NAIC Suitability in Annuity Transactions Model Regulation, and the NAIC Life Insurance and Annuities Replacement Model Regulation) which are aimed at protecting against the same type of inducements, shouldn't this outdated and redundant framework be removed so that investors have access to the full universe of investment opportunities so long as these standard of conduct regulations apply?

There are certain types of exchanges that are typically regulated by FINRA and not the Commission, such as exchanges between unaffiliated investment companies. Similarly, Section 11 does not apply to "retail" transactions that result from a recommendation by a registered representative to an individual investor at the point of sale; those transactions are regulated by FINRA and, where applicable, state insurance regulators.

However, a significant purpose of Section 11 is to prevent investment companies initiating exchange offers to take advantage of their existing customers. In the context of Section 11 exchange offers "to holders of securities of a class or series," conflicts of interest may arise that are not fully addressed by intermediary-focused conduct standards applicable to offers made to an individual investor in the course of a retail business. For this reason, the additional substantive protections of the 1940 Act, including Commission approval of certain exchange offers regardless of whether additional selling charges are being extracted, continue to serve an important investor-protection function.

Questions from Representative Ann Wagner

1. Chairman Atkins, last September eleven Members of this Committee sent you a letter urging the SEC to strengthen small business capital formation and investment opportunities for American savers, including by clarifying the fund-of-funds rule to allow registered funds to invest in CLOs and extending co-investment relief to open-end funds. Can you update the Committee on the status of these proposals?

On March 5, 2026, the SEC's Division of Investment Management published an FAQ addressing the treatment of CLOs under the funds-of-funds rule. See SEC.gov | Fund of Funds Arrangements Frequently Asked Questions. With respect to co-investment relief, the staff continue to review applications for the new, streamlined relief. To date, the Commission has received over 135 applications for the new co-investment relief and has issued orders for 85 of those applications. The staff also continues to engage with the industry regarding potential enhancements to the new co-investment relief, including extending the relief to open-end funds.

Questions from Representative Pete Sessions

As someone who represents Central Texas, I hear regularly from smaller financial firms and entrepreneurs who are trying to compete on a level playing field. Congress, through the Credit Rating Agency Reform Act and Dodd-Frank, was clear about the goal: accountability for rating agencies, but also real competition in a market dominated by a handful of very large players. Yet what we're seeing from the SEC suggests something different: smaller rating agencies facing penalties that appear wildly disproportionate compared to much larger competitors for similar conduct.

1. When enforcement decisions lack a clear, public methodology, it raises serious questions about fairness and whether SEC actions are discouraging competition rather than promoting it. Do you believe the SEC needs to modernize its enforcement framework to provide greater transparency and ensure smaller firms aren't being penalized by disproportionate fines?"

In appropriate cases, we have and will continue to impose or seek penalties, but only after considering why a penalty is appropriate and consistent with our three-part mission.

We will continue to reward self-reporting, co-operation, and remediation by public companies, financial firms, and regulated entities. When firms do the right thing—when they self-report violations, remediate investor harm and co-operate with our investigations—those firms will receive meaningful credit for their co-operation. Based on those factors, we are more likely to impose reduced penalties and may even decide, in appropriate cases, not to impose a penalty or bring any enforcement action at all.

Questions from Representative Warren Davidson

Section 916 of the Dodd-Frank Act was intended to ensure timely and final action by the Securities and Exchange Commission on self-regulatory organization (SRO) proposed rule changes. However, this does not always occur when the SEC stays a decision on an SRO filing. For example, a FINRA rule filing approved by SEC staff in August 2023 was stayed the following day, and nearly two and a half years later, the Commission has taken no further action.

1. Should the SEC be required to act within a defined timeframe when it stays an SRO filing in order to provide finality and certainty to market participants? Would you support amending Section 916 to impose such a deadline, and if not, why?

Section 916 of the Dodd-Frank Act amended Section 19 of the Securities Exchange Act of 1934 to impose certain deadlines for consideration of SRO rule filings but did not amend the part of the Act that grants the Commission with a discretionary right to review the action of any division of the Commission (15 U.S.C. 78d-1(b)) or impose deadlines or other conditions as it did for Section 19.

Concerning the FINRA filing you mention, I note that following the August 2023 stay the Commission issued a scheduling order on September 29, 2023. That order solicited public comment by inviting any party or other person to file a statement in support of, or in opposition to, the action made pursuant to delegated authority, which resulted in FINRA subsequently amending the filing. Because that amendment contained a material change, The Commission is currently considering these comments. I have directed staff to work as expeditiously as possible.

Questions from Representative Bryan Steil

1. In a speech in December 2025, you stated that “distributed ledger technology and the tokenization of financial assets, including securities, have the potential to transform our capital markets.” You added that “public blockchains and tokenization . . . have the capacity to streamline not only trading but the entire issuer-investor relationship.” You’ve also described “public blockchains” as “more transparent than any legacy financial system ever built.” I could not agree more. Given these comments, am I correct that you believe it is important that the SEC allow a path for market participants to use public, permissionless blockchains to tokenize securities?

Yes, and the SEC staff during my tenure already issued a cross-divisional staff statement outlining a taxonomy for tokenized securities to provide guidance to those looking to tokenize securities. We need to continue providing clarity about how tokenized securities interact with existing regulation and how intermediaries dealing with tokenized securities can trade and custody them on behalf of their clients.

2. I applaud you and the SEC staff for all the work you are doing to bring much-needed clarity to the digital assets space. In particular, I know the Commission has spent a lot of time on the topic of tokenization and I appreciate the recent staff statement on tokenization taxonomy. That statement recognized that there are multiple ways to tokenize securities. As these innovations evolve, how is the Commission approaching a technology-neutral regulatory framework that does not favor specific models, while still promoting innovation, protecting investors, and preserving market integrity?

We will continue to monitor the evolution of innovation. Not only will we continue to engage with Congress on its important efforts, but we will move forward with our regulatory work through Project Crypto, which is now a joint initiative with the CFTC. We are working incrementally now, as we have always done. The goal is to facilitate the organic incorporation of new technology in a way that enhances the dynamism and resilience of the system so that it can serve investors, companies, and other users of capital effectively.

3. Something that often gets lost in the conversation about our work in Congress and yours at the SEC is that clear rules of the road are meant to help protect investors and innovators from frauds, scams, and abusive behavior. How will sound market structure legislation, like the CLARITY Act, protect American innovators, investors, and markets from bad actors?

Only Congress can ensure that regulation in this area is future-proofed through comprehensive market structure legislation. I strongly support the ongoing bipartisan efforts on Capitol Hill to establish a durable framework for these markets.

4. How would an innovation exemption enable experimentation with tokenized securities while ensuring market integrity and price discovery?

While we develop fit-for-purpose rules for on-chain financial markets, I have directed the staff to consider a temporary innovation exemption to enable firms to experiment with the trading of tokenized securities on trading venues using distributed ledger technology. Specifically, an innovation exemption may allow issuers to experiment with tokenizing their securities using a transfer agent or other tokenization agent so that they can be traded on-chain. Such an exemption would provide temporary relief from SEC regulatory requirements that may not fully accommodate trading of tokenized securities. To help ensure our regulatory objectives of protecting investors, facilitating capital formation, and fostering fair, orderly and efficient markets are met, the exemption would likely be subject to certain conditions, such as limited trading volume, while we consider the appropriate long-term rules for these activities.

Questions from Representative Dan Meuser

Your team issued a comprehensive Concept Release on Residential Mortgage-Backed Securities Disclosures and Enhancements to Asset-Backed Securities Registration. While most of the Release focused on the RMBS market, it also opened the door to comments on the regulatory framework for all ABS, including Commercial Mortgage-Backed Securities (CMBS). Many participants recommended significant improvements to ABS disclosure and reporting requirements.

- 1. What can we expect in terms of next steps from the SEC?*
- 2. Will you address the full breadth of the securitization markets, not just RMBS?*
- 3. What is your timing?*

The staff have been reviewing the comments that we received in response to the Concept Release and are engaging in meetings with market participants who wish to further discuss their recommendations. As you know, the Concept Release requested feedback on topics that are broadly applicable across the securitization market, such as aligning the Regulation AB definition of “asset-backed security” with the definition in the Exchange Act. The Commission also included a broad solicitation for comment on any other possible improvements to ABS regulations. In response, commenters offered many suggestions for broadly applicable amendments and other enhancements to the regulatory framework which would impact securitization markets beyond RMBS.

The staff are working diligently to consider this feedback. I have asked the staff in the Office of Structured Finance to prioritize this work, and they will continue to collaborate in the weeks and months ahead to prepare a recommendation for the Commission on potential rule revisions to further our stated goals of reducing barriers to entry, expanding access to the registered ABS market for both issuers and investors, and increasing liquidity in the ABS market generally. The Commission and SEC staff continually assess developments and innovation in the money market fund industry, including tokenization and any other innovations that would make money market funds more accessible to retail and institutional investors. For example, last month, the Commission issued relief to permit all-day trading of a tokenized government money market fund that will also be able to instantly settle trades. SEC staff continue to engage with the money market industry on further innovation, including innovation that would further incentivize investment in money market funds.

During the hearing I asked you about the SEC's 2023 Money Market Fund reforms and whether the Commission is considering reopening, rewriting, or eliminating portions of the rule. In your response, you stated that “all of these things are open,” that “markets evolve,” and that you are re-examining aspects of the rule in light of those changes.

- 1. As the Commission continues this review, could you identify which specific components of the 2023 MMF rule are currently under consideration for potential reopening, modification, or rescission?*
- 2. In particular, how is the Commission evaluating the operational feasibility and market effects of the mandatory liquidity fee framework as it applies to institutional prime money market funds?*

3. Additionally, how does the Commission intend to incorporate updated market data and stakeholder input into any determination to revisit or revise the rule?

4. Finally, as market participants explore the potential for broader tokenization of financial instruments, how is the Commission assessing the need for a wider range of tokenized money market fund products beyond government money market funds—particularly products that could provide institutional investors with stronger incentives to participate, such as the prospect of higher yields traditionally associated with institutional prime funds?

SEC staff have engaged extensively with the money market fund industry with respect to implementation of the 2023 reforms and any potential problematic aspects of those amendments for efficiency and effectiveness and maintains an open dialogue with fund sponsors on these topics. We will consider any problematic aspects identified in this process. In terms of market data that may inform the review, in addition to any data provided by stakeholders, the staff also regularly monitors data on money market funds, including the size of the industry and different types of money market funds, the liquidity and asset composition of these funds, pricing, shareholder flows, and the number of sponsors, among other things.

The Commission and SEC staff continually assess developments and innovation in the money market fund industry, including tokenization and any other innovations that would make money market funds more accessible to retail and institutional investors. For example, last month, the Commission issued relief to permit all-day trading of a tokenized government money market fund that will also be able to instantly settle trades. SEC staff continue to engage with the money market industry on further innovation, including innovation that would further incentivize investment in money market funds.

1. Litigation down in Texas where the two foreign-owned proxy advisor firms, ISS and Glass Lewis, are suing the Texas Attorney General in an attempt to block the state from regulating their unaccountable behaviors. According to briefs filed in the case, there are apparently numerous documents produced by ISS and Glass Lewis showing that they are not in fact neutral, impartial or apolitical. These documents allegedly also show that ideology drives these proxy firms' voting policies, not shareholder value, and that they do not have any financial analysis to back many of their voting recommendations. This is all contrary to public assertions the proxy firms have made for years. Unfortunately, the evidence produced so far in this case has remained sealed and is not public. Have you been following this case? Is there anything that you can try to do as SEC Chairman to intervene in this case in order to access these records, which I believe could really shine a light on exactly what we have long expected ISS and Glass Lewis to be focused on when they make vote recommendations?

2. Two foreign-owned proxy advisor firms, ISS and Glass Lewis, wield significant influence over shareholder votes impacting trillions of dollars in U.S. capital markets, yet they face far less regulatory scrutiny than other market participants with comparable influence. What is the SEC going to do to ensure that these firms are held accountable for accuracy and transparency so that investors – not unaccountable third parties – are ultimately driving corporate decision making?

ANSWER TO 1 AND 2:

Proxy advisory firms' influence on shareholder voting and potential conflicts of interests are important concerns. These concerns are especially heightened by any possibility that the voting recommendations provided to investors in American companies are influenced by the undisclosed interests of foreign entities. The Executive Order issued in December 2025 raised concerns about proxy voting advice from foreign-owned entities and the need for increased transparency into the proxy advisory firms' recommendations, methodology, and conflicts of interests. Accordingly, I have directed the staff to continue to monitor developments in this area, engage with companies and other affected parties, and formulate recommendations to address these concerns. IM staff are carrying out Executive Order 14366, "Protecting American Investors From Foreign-Owned and Politically-Motivated Proxy Advisors" and continue to consider whether additional action relating to proxy advisory firms would be appropriate.

I am also aware of the ongoing litigation regarding Texas Senate Bill 2337 in federal district court in the Western District of Texas, and as the Commission considers further regulatory action in this area, will continue to closely monitor developments in that litigation

Questions from Representative Young Kim

1. Chair Atkins, the SEC recently issued a comprehensive Concept Release on Residential Mortgage-Backed Securities Disclosures and Enhancements to Asset-Backed Securities Registration. While most of the Release focused on the RMBS market, it also opened the door to comments on the regulatory framework for all ABS, including Commercial Mortgage-Backed Securities (CMBS). Many participants recommended significant improvements to ABS disclosure and reporting requirements. What can we expect in terms of the SEC's next steps?

2. Chair Atkins, will you address the full breadth of the securitization markets, not just RMBS?

3. Chair Atkins, what can we expect in terms of timing for any potential action on ABS disclosure and reporting requirements?

ANSWER TO 1, 2, AND 3:

The staff have been reviewing the comments that we received in response to the Concept Release and are engaging in meetings with market participants who wish to further discuss their recommendations. As you know, the Concept Release requested feedback on topics that are broadly applicable across the securitization market, such as aligning the Regulation AB definition of "asset-backed security" with the definition in the Exchange Act. The Commission also included a broad solicitation for comment on any other possible improvements to ABS regulations. In response, commenters offered many suggestions for broadly applicable amendments and other enhancements to the regulatory framework which would impact securitization markets beyond RMBS.

The staff are working diligently to consider this feedback. I have asked the staff in the Office of Structured Finance to prioritize this work, and they will continue to collaborate in the weeks and months ahead to prepare a recommendation for the Commission on potential rule revisions to further our stated goals of reducing barriers to entry, expanding access to the registered ABS market for both issuers and investors, and increasing liquidity in the ABS market generally.

4. Chair Atkins, the SEC's statement at the end of January on Tokenized Securities states that tokenized securities must be in compliance with existing securities laws. As it relates to transfer agent and clearing obligations, is there a scenario where you envision these functions can be performed fully on-chain by smart contracts run by decentralized entities? Or, would intermediary registration make this impossible so that issuers would need to rely on registered intermediaries like the DTCC building their services to be on-chain compatible?

The Commission's regulation of transfer agents and clearing agencies is set forth in Section 17A of the Exchange Act, which directs the Commission to facilitate the establishment of the national system for prompt and accurate clearance and settlement of transactions in securities and to facilitate the establishment of linked or coordinated facilities for clearance and settlement. Section 17A requires that any person performing the functions of either a transfer agent or clearing agency register with the Commission as such or obtain an exemption from registration. Section 17A further provides broad exemptive authority. The statute includes a Congressional finding that new data processing and communications techniques create the opportunity for more efficient, effective, and safe procedures for clearance and settlement. That finding is highly relevant now, as we think about ways to modernize our existing securities regulations to enable America's financial markets to move on-chain.

While we develop fit-for-purpose rules for on-chain financial markets, I have directed the staff to consider a temporary innovation exemption to enable firms to experiment with the trading of tokenized securities on trading venues using distributed ledger technology, which could include using a transfer agent or tokenization agent to facilitate the trading of tokenized securities on-chain.

As we at the SEC continue the work of Project Crypto, we will consider how best to adapt the existing regime to support innovation, while ensuring that any such framework continues to protect investors, facilitate capital formation, and foster fair, orderly, and efficient markets.

Questions from Representative Andrew Garbarino

Switching gears a bit here. This Congress, I introduced H.R. 4129, the Tailoring for Main Street's Investors Act. The bill would ease Dodd-Frank reporting requirements for licensed private fund investment advisors who manage less than \$5 billion and work only with qualified purchasers and accredited investors. The idea is that funds of this size, serving sophisticated investors through licensed advisers, don't create the kind of system-wide risk that the toughest reporting rules were designed to address.

1. Chairman Atkins, do you agree with that analysis, and do you believe that a similar adjustment could be achieved administratively?

The SEC and CFTC staff are reviewing Form PF comprehensively. As part of that review, the staff are considering whether the number of advisers required to file the form can be reduced. We are also reviewing whether the reporting threshold for Form PF can be modified through joint rulemaking by the SEC and CFTC.

2. The requirement that companies publicly file a Form 8-K within four days of determining a material cyber incident has raised serious concerns. As I am sure you have heard, the disclosure is inconsistent with other regulatory reporting requirements, increases the risk to the victim as they respond to a material cyber incident, and does not provide investors with comprehensive information needed to make sound investment decisions. It simply does not achieve its objective and could cause greater confusion for investors and jeopardize threat mitigation by arming threat actors with information that is known or unknown to an affected company.

Chairman Atkins, where does this rule fall on your current prioritization list for further review or possible rescission, and will you commit to reevaluating whether this disclosure requirement is achieving its intended objectives?

I understand the reporting requirements on Form 8-K have resulted in a number of concerns, including potential for premature disclosure of an incident and disclosures that have failed to provide the market with meaningful or actionable information upon which to make investment decisions. I understand the concern that registrants should not be under undue pressure to make a materiality determination before a registrant has sufficient information to do so, and the materiality determination necessitates an informed and deliberative process. My staff have been actively meeting with market participants on this topic to better understand how we can best address concerns in the most expeditious manner.

Questions from Representative Scott Fitzgerald

Chairman Atkins, as you know, the partial application of Section 16 disclosure obligations on Foreign Private Issuers goes into effect next month. For companies whose home jurisdiction has similar requirements, this 'double disclosure' results in unnecessary regulatory burden, something you have expressed strong interest in relieving.

1. What steps are you taking to ensure companies in those jurisdictions will be given relief before the March 18 deadline, to prevent wasteful duplicate efforts?

The Holding Foreign Insiders Accountable Act (HFIAA) is intended to align the reporting obligations of foreign executives with those of U.S. executives by extending the Exchange Act Section 16(a) disclosure obligations to directors and officers of reporting foreign private issuers (FPIs). HFIAA also granted the Commission authority to exempt directors and officers of FPIs from Section 16(a) if the Commission determines that the laws of a foreign jurisdiction apply substantially similar requirements to such person.

On March 5, 2026, the Commission exercised this authority to exempt directors and officers of FPIs that are organized in certain jurisdictions and subject to requirements that are substantially similar to Section 16(a) reports. The jurisdictions include Canada, the United Kingdom, the member countries of the European Union, Switzerland, South Korea, and Chile. The Commission staff continue to assess exemptive requests from FPIs organized in other jurisdictions and will prepare recommendations for the Commission's consideration.

I am extremely encouraged that under your leadership the SEC has taken incremental steps to fix some of the longstanding issues with the Consolidated Audit Trail (CAT), including changes to the collection of PII and the costs associated with the CAT.

2. I know you have said these steps are just the beginning, so, do you believe the CAT should continue to exist?

Effective market oversight by the Commission and self-regulatory organizations like the national securities exchanges and national securities associations (the “SROs”) relies on, among other things, regulators’ access to accurate and timely market data. Because the vast majority of securities transactions in modern markets occur electronically, at high speeds and volumes and across trading venues, cross-market audit trails and related data sources have come to play an important role in the oversight of securities markets.

At my direction, Commission staff are currently undertaking a comprehensive review of the CAT, which review includes, among other things, an evaluation of the regulatory use cases that the CAT should support and whether the CAT is necessary to enable the Commission and the SROs to fulfill their statutory obligations. I look forward to the results of this comprehensive review.

Chairman Atkins, as you know, President Trump signed an Executive Order in December seeking to curb the influence of foreign-owned and conflicted proxy advisors who are using their influence to prioritize “radical politically motivated agendas” including DEI and ESG matters.

These dominant firms also control multiple functions including vote execution, corporate consulting, material distribution, and vote tabulation. Failing to address these structural conflicts threatens market integrity, drives up costs, discourages IPOs, and jeopardizes the retirement savings of millions of Americans.

1. Chair Atkins, could you update the committee on the status of the actions contained in the E.O. and how you are working with FTC Chairman Ferguson to hold this proxy duopoly accountable?

The Commission staff have taken several actions to address the E.O. For example:

- The SEC included a rulemaking entitled Shareholder Proposal Modernization on the Spring 2025 Regulatory Flexibility Agenda. The staff is preparing recommendations for a rule proposal for the Commission to consider.
- In November 2025, the Division of Corporation Finance announced that it would not review and respond to the vast majority of no-action requests pertaining to Rule 14a-8. The staff understands that ISS and Glass Lewis had used the outcome of the staff review process as part of their recommendation process. The Division’s action has significantly eliminated the unnecessary burden on SEC resources in evaluating proposals, including those on environmental and social matters.
- The staff of the Division of Corporation Finance has held and continues to hold frequent discussions with proxy advisors, public company representatives, and shareholder proponents in order to understand all aspects of the influence held by proxy advisors in this space.

We are also working with the FTC to further accomplish the goals of the E.O. The Commission staff have engaged with staff from the Federal Trade Commission.

The Commission staff is also reviewing the application of Section 13(d)(3) and 13(g)(3) “group” concepts to the use of proxy advisors’ services by investment advisers.

- In January 2026, the Director of the Division of Investment Management Brian Daly delivered a speech to the New York City Bar Association, titled “(Re)Empowering Fiduciaries in Proxy Voting,” which focused on the role of investment advisers in proxy voting. This speech:
 - o Suggested that investment advisers to index funds (and the Boards that exercise oversight over this function) consider whether taking positions on fundamental corporate matters, or on precatory proposals, is consistent with their investment mandates.
 - o Noted that artificial intelligence can be a valuable tool for proxy voting that enhances—not replaces—human judgment, and that helps advisers better serve their clients.
 - o Pointed out that it would be appropriate for advisers and funds to re-evaluate and reassess – and perhaps to redirect their proxy voting function.
- IM staff continue to consider:
 - o Whether further action would be appropriate with respect to rules, regulations, guidance, bulletins, and memoranda relating to proxy advisory firms;
 - o The requirements applicable to proxy advisory firms to register as investment advisers; and
 - o Whether additional action relating to transparency regarding proxy advisory firm recommendations, methodology, and conflicts of interest would be appropriate.

Questions from Representative Mike Lawler

1. Chairman Atkins, in December the EU finalized its Corporate Sustainability Due Diligence Directive (CS3D) which is an extraordinary power grab by EU regulators, and which will result U.S. businesses having to comply with the social prerogatives of European politicians. This will affect not just those U.S. businesses who meet certain thresholds for compliance, but every small or mid-size business that is part of that reporting company's supply chain.

In September, you warned about the effect that CS3D and another initiative – the Corporate Sustainability Reporting Directive (CSRD) would have on U.S. businesses and U.S. capital markets.

How concerned are you now and what should companies and investors know about these EU laws applying to American businesses?

While the final compromise agreement reached on the CS3D and CSRD significantly reduces the scope of both Directives, it does not fully address all of our concerns. For example, the final text eases burdens on US industry by deleting mandatory climate transition plans, removing an EU-wide civil liability regime, and delaying implementation until 2029. However, the final negotiated text did not address a key U.S. concern – extraterritorial application of CS3D to businesses without an EU nexus. In addition, the Directives still have a private right of action that raises the potential for vexatious litigation. Some issues will not be resolved until the European Commission issues implementing regulations sometime before July 2027. We are continuing to closely monitor developments alongside other US authorities.

2. Chairman Atkins, my district includes one of the largest concentrations of financial-services professionals in the country, many of whom work in New York City. Under the SEC's 2010 Rule 206(4)-5, employees of investment advisers are effectively limited in contributions for local elections. In practice, that means tens of thousands of my constituents have materially fewer political speech rights than other Americans solely because of where they work.

How are you assessing whether this rule, as currently written and enforced, imposes disproportionate and unnecessary restrictions on the First Amendment rights of financial-services workers, and are you considering changes.

Rule 206(4)-5—the SEC's political contribution rule for investment advisers—was adopted more than a decade ago in July 2010. Its purported goal was to help advisers prevent fraudulent pay-to-play practices. Since then, market participants have observed that the rule is overly complex and burdensome, leading some advisers to simply prohibit political contributions, thereby increasing the constitutional implications of the Rule. In addition, the asset management industry has significantly evolved. Advisers' size, types of asset classes managed and business models have transformed, and their compliance frameworks have progressed accordingly. I, therefore, have asked the staff to reexamine the rule and prepare a recommendation that would account for these developments.

Questions from Representative Zach Nunn

1. The fund-of-funds rule appears overbroad in its restrictions on funds' ability to invest in collateralized loan obligations (CLOs), while many other structured finance vehicles face no such limitations. These restrictions reduce diversified fixed-income exposure for investors in products like target date funds and constrain capital formation in credit markets. How might the Commission address this unintended consequence to ensure investors have access to diversified investment opportunities and businesses can obtain the credit they need to grow?

On March 5, 2026, the SEC's Division of Investment Management published an FAQ addressing the treatment of CLOs under the funds-of-funds rule. The FAQ provides a no-action position to fund-of-funds, including target date funds, that invest in debt securities issued by CLOs. See SEC.gov | Fund of Funds Arrangements Frequently Asked Questions.

2. The JOBS Act successfully revived the U.S. IPO market by creating Emerging Growth Company (EGC) status, allowing smaller firms to provide two years of audited financials instead of three. However, EGCs going public via spin-off are denied this accommodation — forcing them to pay for an additional year of audits simply because of how they entered the public market. My bill, the ELEVATE Act, would grant spin-offs the same two-year accommodation as traditional IPOs. Should spin-offs and IPOs receive regulatory parity on scaled financial disclosures?

Spin-offs can create more public companies, and the staff is considering all aspects of our rules related to the disclosures that should be provided to investors in spin-off transactions. For example, the staff recently provided guidance regarding executive compensation disclosures for spun-off entities. In addition, recognizing the success of the EGC accommodations, I have asked staff to prepare recommendations to expand accommodations that are available for EGCs and to rationalize filer statuses to simplify the categorization of registrants and reduce their compliance burdens.

2. During a recent House Financial Services Subcommittee hearing, Peter Chan called on the SEC to "establish clear rules to hardwire fairness into the SEC's culture," citing the procedural framework he co-authored with Valerie Mirko. Will you commit to implementing that framework to move the SEC away from regulation by enforcement?

As I previously testified at a House Appropriations hearing in May of last year, policymaking at the SEC under my watch will be done through rulemaking and other appropriate regulatory action, not through regulation-by-enforcement. The Commission will continue to utilize its existing authorities to set fit-for-purpose standards for market participants. The Commission's enforcement approach has returned to Congress' original intent, which is to police violations of established obligations, particularly as they relate to fraud and market manipulation.

3. The recent no-action letter allowing independent financial advisors to receive compensation through their business entities was an important first step. To make that relief permanent, I

introduced the bipartisan Clarity for Compensation Act (H.R. 7187) with Rep. Meeks. Do you agree this legislation is critical to providing regulatory clarity for independent financial advisors serving Main Street Americans?

As noted, in November 2025, Commission staff issued a letter to the Financial Services Institute stating that staff would not recommend an enforcement action if such registered representative-owned personal services entities (PSEs) receive transaction-based compensation without registering as a broker-dealer under Section 15 of the Exchange Act, subject to conditions. The industry had long inquired about the status of these arrangements, which we understand can facilitate the provision of benefits and tax and succession planning.

To the extent there is a desire to provide additional regulatory clarity to independent financial advisors in this area, the SEC staff and I would be happy to work with you and Rep. Meeks and your respective staff on possible legislation.

4. The SEC has continued sweeps of firms offering both investment advisory services and fixed index annuities (FIAs), arguing that federal adviser standards should apply to FIA sales alongside state insurance standards. Given the Harkin Amendment's direction that FIAs be subject exclusively to state regulation, the NAIC Best Interest Model Regulation adopted by 49 states, and the McCarran-Ferguson Act's prohibition on federal preemption of state insurance laws — do you agree that oversight of FIA sales should rest solely with the states?

We are mindful of our jurisdictional restraints in this space. The pre-emption issues you reference in your question pertain to regulation of the product itself – the FIAs. Investment advisers are subject to the Advisers Act, including the Act's antifraud provisions, and advisers registered or required to be registered are subject to additional rules promulgated under the Advisers Act.

As the Commission has stated, an investment adviser's fiduciary duty owed to its clients under the Advisers Act is broad and applies to the entire adviser-client relationship. Accordingly, an adviser who provides clients with advice about investing in FIAs or other products to clients remains subject to the Advisers Act, and the advisor's fiduciary duty owed when such recommendations are made as part of the adviser's overall investment advice for the client (including advice about investing in securities) remains as well. That being said, the Commission has also recognized that the adviser and its client may shape their relationship by agreement, provided that there is full and fair disclosure and informed consent.

Questions from Representative Maria Elvira Salazar

Chairman Atkins, I am very concerned about the ever-growing costs of the consolidated audit trail (CAT) and the burden that these costs place on market participants and ultimately investors. I applaud the efforts by the SEC, under your leadership, to take the incremental step of granting exemptive relief to save tens of millions of dollars in the annual operating costs of the CAT. I am also pleased you have initiated a comprehensive review of the CAT. However, I am concerned about the pending funding model that is before the SEC for approval. I believe strongly that no funding model should be approved until the SEC has completed its comprehensive review to get a better sense of how costs can be reduced and better allocated.

1. Will you commit to not approving any new funding model until the SEC completes its comprehensive review?

On March 16, 2026, the Commission approved the CAT funding model proposed by the national securities exchanges and FINRA (the “Participants”), with some modifications, including a sunset provision that states that the Participants will not be permitted to bill or otherwise request CAT fees from broker-dealers after March 31, 2028. The purpose of this sunset provision was to ensure that funding for the CAT would be thoroughly considered during the Commission’s comprehensive review of the CAT. That review is ongoing, and I look forward to its results.

Questions from Representative Brad Sherman

In June 2023 the SEC issued a report titled “Response to Congress: Mandatory Arbitration Among SEC-Registered Investment Advisers” which expressed concerns about the proliferation of mandatory arbitration clauses among SEC-Registered Investment Advisers. The report found a lack of transparency in the use by SEC RIAs of private arbitration clauses; that the SEC had no data on RIAs use of forced arbitration clauses, expensive private arbitration providers, and deceptive contractual hedge clauses designed to shield themselves from liability.

1. What is the SEC doing to address the concerns raised by the June 2023 report to ensure investors are protected from unfair, inequitable, and likely violative arbitration clauses and hedge clauses in RIA written contracts?

In September 2025 the Commission published a policy statement clarifying its view that decisions about whether to accelerate the effectiveness of a registration statement will not be affected by the presence of a provision requiring arbitration of investor claims arising under the federal securities laws. While the statement is specific to mandatory arbitration provisions for investor claims arising under the federal securities laws, the statement informs the public of the Commission’s view that mandatory arbitration provisions are not inconsistent with the federal securities laws. Although many express views on whether a company (including an investment adviser) should adopt a mandatory arbitration provision, I believe the Commission’s role in this debate is to provide clarity on the points made in the policy statement, which did not express any views on the specific terms of any arbitration provision or whether arbitration provisions are appropriate.

2. To fulfill your investor protection mandate, has the SEC considered implementing guidelines for procedural and substantive fairness in allowable RIA mandatory arbitration forums to help combat abusive arbitration clauses and allow investors to access justice?

The Commission has already clarified its view that mandatory arbitration provisions are not inconsistent with the federal securities laws, without expressing any views on the specific terms of any arbitration provision or guidelines for arbitral forums.

The SEC, an agency with a stated mission of investor protection, has made many changes to both personnel and policy. Despite these changes the SEC is still in responsible for the oversight of FINRA. FINRA is an SRO with a mission to protect investors and safeguard the integrity of the capital markets. FINRA is also responsible for administering and overseeing its mandatory arbitration forum. With this forum investors are forced to enter the forum through both broker-dealer contracts and by FINRA rule, if they have a dispute with their registered representative and/or the broker-dealer. The FINRA Forward initiative is making drastic changes that will impact investors negatively. These changes include going outside of FINRA’s normal procedures to change arbitrator qualifications without public notice or input, proceeding with dramatic changes to broker-dealer supervision requirements of outside activities that will reduce investor protections from misconduct such as Ponzi schemes or scams perpetrated by broker dealers’ agents, and making public determinations to remove arbitrators from cases prior to arbitrator

ranking for arbitrators who dare to award punitive damages to investors for egregious and intentional broker-dealer behavior.

1. What is the SEC doing to monitor FINRA during this FINRA Forward initiative to ensure that FINRA complies with its investor protection mandate?

The Commission takes very seriously its oversight of FINRA to ensure that it complies with the federal securities laws, its own rules and its investor protection mandate. Each year the Division of Examinations (EXAMS) conducts risk-based examinations of FINRA guided by EXAMS' "risk assessment process designed to identify those aspects of FINRA's operations important to the protection of investors and market integrity, including FINRA's implementation of investor protection initiatives."¹ As a result of its examinations of FINRA, staff often have detailed observations designed to improve FINRA's programs, its risk assessment processes, and its future examinations of member broker-dealers.

¹ Fiscal Year 2026 Examination Priorities, <https://www.sec.gov/files/2026-exam-priorities.pdf>.

Questions from Representative David Scott

The SEC's Chief Data Officer has a strategy, which was created for FY 22-26 (under Gensler). Page 11 of the strategy is where the goal for "Strengthening data management and governance" is laid out for FY 22-26. In FY 22-23 they were to establish data protection polices, however these are internal and not formalized, so it has been difficult to adequately gauge progress.

The Federal Information Security Modernization Act (FISMA) of 2014 requires IGs to assess information security programs and practices and report to OMB and DHS. The SEC contracted with Sikich CPA LLC to do an independent evaluation. The report is expected to be issued in FY26. However, the OIG 2025 report highlights challenges protecting systems and data (Page 5).

The report notes, "the SEC has not completed all corrective actions to address prior year recommendations, including the results of the 2024 FISMA evaluation, and continues to face challenges with regard to managing vulnerabilities."

The SEC's Fiscal Years 2022–2026 Data Strategy commits the agency to strengthening enterprise-wide data management and governance to better protect sensitive information, improve data quality, and support mission-critical functions. Given the volume of sensitive proprietary data the SEC collects, it is important that there are robust internal data protection controls and data accountability structures to protect from cyber threats and misuse risks across the agency. This is especially true considering recent OIG reports and FISMA evaluations highlight gaps and vulnerabilities in the agency's data governance and protection goals.

1. Can you provide an update on the progress the SEC has made in addressing gaps and vulnerabilities in these two areas?

For data governance, the SEC has a robust policy in place that governs staff access, use, and internal sharing to sensitive data. The policy ensures we track what sensitive data we collect or maintain, where it is located, who has access to it, and how and if it can be shared. In addition, we have implemented controls on CAT data that allow us to limit extractions and tag and track this data across our environments.

For data protection, the SEC takes its responsibility to safeguard nonpublic financial information very seriously. The agency uses several layers of protection to keep sensitive data secure. All employees complete annual training to help ensure they understand their obligations and know how to handle protected information appropriately.

To reduce the chance of accidental disclosure or unauthorized access, emails and documents created or edited on the SEC network are automatically labeled SEC nonpublic information for "Internal Use Only." The agency also has automated data loss

prevention policies that block information labeled as internal SEC nonpublic information from leaving the SEC network via email. These policies help staff safeguard the sensitive information entrusted to the agency.

Agency staff also run regular tabletop exercises that simulate potential data-breach scenarios. These practice sessions help staff confirm that relevant teams across the agency understand the steps to take if sensitive information is ever disclosed accidentally or without authorization.

2. Root-cause analysis: The FY24 FISMA evaluation concluded the SEC's information security program was not effective overall and cited weaknesses in multiple functions (including issues tied to risk management artifacts and Protect/Detect elements). What are the top 3 root causes—people, process or technology—driving these recurring findings?

The FISMA findings largely stem from a combination of legacy technologies, outdated operational practices, and process gaps that make it difficult to maintain consistent, enterprise-level security standards. Many of our core systems were built years ago and simply weren't designed for today's cybersecurity demands, which drives both control weaknesses and documentation challenges. This situation is true of any enterprise with information technology systems, and the SEC must do a better job of maintaining its systems, which the agency has long understood to a probable target of attack. I am committed to addressing the root causes that you cite – people, process, and technology.

The agency continues to transition to cloud-based platforms, accelerating system modernization, and sunsetting aging applications with the expectation of stronger control performance and fewer repeat findings. These modernization efforts should also help to improve speed, faster automation, and embed security more effectively across the system development lifecycle.

3. Corrective action governance: For each FY24 recommendation, provide: (i) owner, (ii) milestones, (iii) due dates, (iv) funding source, and (v) how you validate closure beyond paper compliance.

CAP Number	Recommendation	Owner	Milestones	Due
584-01	Complete efforts to document and implement an enterprise-wide risk management strategy that incorporates the review and approval processes set forth in agency policy	OCRO		

584-03	Define document labeling requirements across the Agency	OIT	Update or draft agency-wide procedures document that addresses sensitivity label requirements.	March 2026
584-04	Enforce document labeling requirements across the Agency.	OIT	1. Introduce sensitivity label requirements and associated technical controls on supported file types to the Office of the Chief Operating Officer and the Division of Trading and Markets. 2. Introduce sensitivity label requirements and associated technical controls on supported file types to the Division of Enforcement, Division of Examinations, Division of Investment Management, Division of Economic and Risk Analysis, Division of Corporation Finance, Office of the General Counsel, and the SEC Offices supported by the Managing Executive for Small Offices. 4. Introduce sensitivity label requirements and associated technical controls on supported file types to the remaining SEC offices and regional office staff not assigned to another division or office.	March 2026
584-07	Develop and implement a mechanism to enforce recurring privileged user training for applicable personnel.	OIT	1. Review OIT's role-based procedures to ensure it identifies roles and responsibilities for individuals who have significant security responsibilities and access. Update role-based procedures, if necessary. 2. Review 24-04.CRG.39 Significant Information Security Responsibilities Training Operating Procedures and update, if necessary. 3. Review the SEC LEAP Privileged User Training Course and update, if necessary. 4. Develop a plan to rollout privileged user training for applicable personnel. 5. Rollout privileged user training for applicable personnel.	April 2026
584-09	Update its business impact analysis template to ensure that the SEC assesses all systems using a correct and comprehensive set of mission-essential functions.	OIT	1. Review the current business impact analysis template and identify areas that need updating to reflect SEC's mission-essential functions as defined in the SEC COOP (Continuity of Operations). 2. Modify the BIA template, as part of a pilot program, to ensure consistency with the mission-essential functions and continuity requirements identified in the SEC COOP 3. Develop a phased schedule to complete updates to existing BIAs using the piloted BIA template. 4. Complete updates to existing BIAs and BIA template with management sign-off.	March 2026

584-10	Incorporate assessments of system recovery time objectives into future disaster recovery exercises.	OIT	1. OIT will collaborate with the SEC Continuity team to assess and define the RTO for all SEC systems critical to supporting agency continuity operations. Policies and procedures will be updated, as necessary. 2. Once RTO requirements are established, SEC systems will define RTOs in System Security Plans (SSPs). OIT may develop a phased schedule to complete SSP updates 3. Incorporate assessments of system RTOs into future disaster recovery exercises to ensure systems can be restored within the defined recovery times.	March 2026
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Upon remediation of a recommendation, the agency submits a request for closure to the OIG documenting the corrective actions taken and providing artifacts that demonstrate completion of the corrective actions. The OIG utilizes audit techniques to validate closure, which may include tests beyond paper compliance. No additional funding for these actions is required beyond the agency's annual appropriation.

4. Milestone shortfalls: OIG noted in the 2025 management/performance challenges statement that the SEC has not met all Zero Trust compliance milestones. Which specific pillars (identity, device, network, application/workload, data) are behind schedule, and what dates do you commit to for each?

The OIG correctly noted that several Zero Trust pillars remain in progress, with the agency's current compliance levels at roughly 60% for identity, 60% for network, and 60% for data. Our application/workload pillar is progressing more slowly because full compliance requires the Office of Information Technology (OIT) to migrate systems to immutable infrastructure—a complex effort that involves re-architecting deployments, rebuilding Continuous Integration/Continuous Delivery pipelines, and updating applications so they no longer rely on storing information inside the system itself, which lets them run more securely and consistently.

These shifts introduce significant engineering, security, and operational considerations, particularly for legacy systems not originally designed for immutable patterns. While OIT is actively accelerating work across all pillars, it is difficult to provide completion dates for 100+ systems until ongoing dependency and sequencing reviews conclude. The agency remains fully committed to meeting Zero Trust requirements and will continue to update milestones as planning matures.

5. Data pillar controls: For the “data” pillar specifically, what is the status of (i) continuous authorization, (ii) attribute-based access control, (iii) DLP coverage, and (iv) encryption key management (HSMs, BYOK/HYOK where applicable)?

For continuous authorization, OIT is steadily moving from the old Security Assessment & Authorization (SA&A) model to the newer Continuous Assessment & Authorization (CA&A) approach, which gives security staff more up-to-date visibility into system security. Progress has been strong for modern and cloud-based systems, since most cloud platforms already support CA&A by design. The transition for older, legacy systems is more challenging, requiring more hands-on updates and documentation changes.

For attribute-based access control, OIT is steadily moving toward a model where access decisions are based on factors like role, location, device health, and risk level rather than just group membership. This gives the agency much more flexibility and stronger security, but it is a gradual transition because many older systems were not designed with this model in mind.

For Data Loss Prevention (DLP), the agency has deployed mandatory automated labeling for emails and documents created or edited on the SEC network. By default, these items are labeled as SEC nonpublic information for “Internal Use Only” and are blocked from leaving the SEC network via email. These controls operate automatically, reducing user burden and facilitating consistent application of SEC information protection requirements. Together, automated labeling and DLP policies enhance the security of SEC information across everyday workflows.

For encryption key management, the SEC implemented a Hardware Security Module (HSM) in 2022, a device that securely generates, stores, and uses encryption keys so those keys never leave the protected hardware. It performs cryptographic operations inside the device, reducing the risk of key theft or tampering. The HSM is integrated with our Microsoft Entra service, which gives us centralized, policy-driven access management.

6. Segmentation: How is the SEC segmenting high-value data environments (enforcement exams/market data) from general enterprise IT? What controls prevent lateral movement by compromised credentials?

The SEC separates high-value data environments from general IT by using a zero-trust approach, which means access is tightly controlled based on who the user is, what device he is using, and what the user is approved to do. These environments are kept in their own segments, and users only get access to specific applications or data they need, not the broader network.

To prevent lateral movement, the agency has moved away from traditional passwords and

uses strong, phishing-resistant multi-factor authentication where trusted devices play a key role in verifying identity. This means that in order to access any SEC information resource, an SEC user must be connected from an SEC-issued device that contains an SEC-issued certificate that is assigned to that user. OIT Security also limits communication between systems unless it is explicitly approved, which should prevent attackers from moving around even if an account is compromised. Continuous monitoring tools help security personnel spot suspicious behavior quickly and contain it before it spreads.

7. PAM coverage: What percentage of privileged accounts are onboarded into a centralized Privileged Access Management (PAM) solution with session recording, just-in-time elevation, and MFA enforced?

The SEC uses an industry-leading Privileged Access Management (PAM) platform to help protect our most sensitive administrative accounts by making sure that they are used only when absolutely necessary and always under tight control. Instead of letting people keep long-lived privileged passwords, the PAM platform issues temporary, one-time credentials only for the specific task they need to perform. This is the agency's just-in-time elevation model.

Every privileged session is recorded, so the agency has a full audit trail of what actions were taken, which helps with oversight and investigations. Multi-factor authentication is enforced before anyone can access the PAM platform or request elevated privileges, ensuring only verified users on trusted devices can reach these tools. Overall, the PAM platform reduces the risk of misuse, removes standing high-risk accounts, and gives OIT staff strong visibility into privileged activity.

Currently, 85% of privileged accounts are onboarded into a centralized PAM solution with session recording, just-in-time elevation, and MFA enforced.

8. Removable media governance: The FY24 FISMA evaluation referenced weaknesses connected to elevated access approvals for portable storage and privileged-user training requirements. What policy changes have you implemented to reduce exception volume and prevent "rubber-stamp" approvals?

The use of removable media is by exception only and requires supervisory approval, accompanied by a reasonable business justification. The exception process is strictly controlled using the agency's workflow management platform. Exceptions are limited to only one year and must be recertified each year.

9. Exfiltration exercises: The FY24 evaluation noted development of a process for data exfiltration exercises. How often are these conducted, what scenarios are tested (e.g., insider upload, compromised admin, contractor misuse), and what remediation cycles follow each exercise?

The SEC conducts regular adversarial-type testing to identify weaknesses within the organization's cyber defenses using various tactics that simulate insider and external threats. This includes testing of detection and prevention mechanisms for unauthorized exfiltration and infiltration. In addition to the system and organization-level adversarial testing that is routinely performed as part of the SEC information security program operations, the SEC also facilitates and submits to adversarial testing performed by CISA.

If data exfiltration findings are identified, Plan of Action and Milestones (POA&M) records are created. The POA&M(s) describe the finding, provide a remediation recommendation, and define expected completion dates. Upon remediation, a re-test is performed by a team of security analysts to confirm the completed actions resolved the identified issue.

10. Resourcing gaps: OIG has highlighted organizational change and staffing challenges within OIT affecting the agency's ability to maintain controls and data protection. What is your current skills gap analysis (cloud security, data governance engineering, SOC, privacy engineering), and how are you funding remediation?

OIT's Information Security organization has put forward a request to begin transitioning some of its contractors into federal employees, which will help close critical gaps in areas that include incident response, threat detection, and governance, risk, and compliance. OIT management believes that with dedicated federal labor in these areas, OIT can concentrate resources on complex yet important challenges while also building internal expertise in strategic areas. Meanwhile, OIT is seeing an increasing need for IT professionals that understand automation as the agency begins to reengineer manual processes to be more automated.

11. Data Strategy integration: How is the FY2022–2026 Data Strategy operationalized into program increments—what are the 3–5 highest-risk data governance deliverables, and which are on track vs. Behind?

The FY2022–2026 Data Strategy is executed through a collection of data projects, which are set on a yearly basis by the Data Management Board. The Office of the Chief Data Officer manages these projects in monthly meetings and quarterly increment plans. The agency has successfully delivered on nearly all of the Data Strategy, and staff currently are focused on making SEC data AI-ready,

implementing data governance around data products, and enhancing our evaluation framework for data assets.

12. Independent assurance: Beyond annual FISMA, what independent validation will you commit to (e.g., red-team assessments of high-value data enclaves, external audits of data governance controls, continuous control monitoring), and will you provide those results—at least in summary—to this Committee?

The SEC has a robust information assurance program that includes regular assessments—including penetration tests, continuous monitoring, and threat hunting—to validate the efficacy of our protective and detective controls. This includes red team assessments performed by the Department of Homeland Security's Cybersecurity & Infrastructure Security Agency (CISA).

Questions from Representative Jim Himes

Chair Atkins- In Section 916 of the Dodd-Frank Act, Congress imposed strict parameters on the SEC's approval process for SRO proposed rule changes, with the intent of a transparent and speedy process for consideration of such changes. However, in instances where the SEC stays a decision on an SRO filing, this is not always the case. For example, in August 2023, the SEC approved a FINRA proposed rule change that would add the IntelligentCross ATS to FINRA's Alternative Display Facility following the full 240 days of consideration permitted under Dodd-Frank. The following day, the decision was stayed, and the next two and a half years saw no further action on the part of the SEC. This stay, and the subsequent delays, appear to run counter to Congressional intent of a transparent and speedy process.

- 1. When can we expect the SEC to issue a final decision on this proposal?*
- 2. Would you support amending Section 916 with a reasonable timeframe for the SEC to act in the event of a stay? If not, why?*

Section 916 of the Dodd-Frank Act amended Section 19 of the Securities Exchange Act of 1934 to impose certain deadlines for consideration of SRO rule filings but did not amend the part of the Act that grants the Commission with a discretionary right to review the action of any division of the Commission (15 U.S.C. 78d-1(b)) or impose deadlines or other conditions as it did for Section 19.

Concerning the FINRA filing you mention, I note that the Commission did act following the August 2023 stay by issuing a scheduling order on September 29, 2023. That order solicited public comment by inviting any party or other person to file a statement in support of, or in opposition to, the action made pursuant to delegated authority, which resulted in FINRA subsequently amending the filing. Because that amendment contained a material change, The Commission is currently considering these comments. I have directed staff to work as expeditiously as possible.

Chair Atkins – For several days in the last week of January 2026, the SEC's Investment Adviser Public Disclosure (IAPD) system was unavailable and was not being updated. The IAPD system is crucial in providing the public transparent and free access to information about investment advisers and firms and is one of the primary tools investors can use to protect themselves before entrusting their assets to someone. Commission staff were not responsive to constituent requests for information, nor were explanations of the reason for the outage or a status update for outage resolution ever provided.

- 1. What was the reason for the IAPD system outage?*

The Commission's Investment Adviser Public Disclosure (IAPD) is run and managed by FINRA, which notified the SEC of the outage on January 28, 2026. During the outage,

FINRA updated the status page (<https://www.finra.org/filing-reporting/systems-status>) to notify the public of the outage. This impacted not only IAPD, but FINRA's BrokerCheck website.

2. Why were Commission staff unresponsive to constituent requests for information?

The SEC did not receive any e-mails or notifications in the external mailbox (IARDLive@sec.gov) regarding the outage. It is possible those requests may have been sent to FINRA, but they do not appear to have been shared with the SEC.

3. Why has there been no explanation of the reason for the outage?

The issue arose due to a nightly data processing job not completing successfully. Normally, all new ADV filings are made public at night, but the job that runs the code did not function. This caused data to not be updated on IAPD. The nightly job was fixed on the night of January 29, and it ran correctly. All public facing data was updated as of 9:00am on January 30.

Chair Atkins – As of mid-2025, the U.S. Securities and Exchange Commission has experienced a reported workforce reduction of roughly 15%, affecting multiple divisions, including the Divisions of Examinations and Enforcement. At the same time, the agency continues to oversee a growing population of registered investment advisers and other registrants, including firms that have not yet been subject to an SEC examination. This raises questions about how the Division is balancing finite staffing resources with its mandate to conduct risk-based examinations, initiate first-time reviews of “never-examined” registrants, and sustain the depth and quality of oversight expected by investors and market participants.

1. Considering this reduction in staff, how is the Division of Examinations allocating resources to address the backlog of never-examined registrants while maintaining the rigor and effectiveness of its ongoing supervisory program?

As a risk-based program, the SEC's Division of Examinations (Division or EXAMS) has always had the ability to leverage its limited resources to prioritize examinations that present greater risk to retail investors and market participants despite the ever-growing number of SEC registrants, particularly investment advisers. In addition, as a national program, the Division is well-suited to deploy resources to various geographical locations and assemble qualified teams to mitigate any potential constraints.

Each year, EXAMS evaluates risks impacting the markets and SEC registrants and, based on this analysis, selects and makes public priority areas for examination. As a result of this process, the Division has prioritized over the last several years risk-based

examinations of SEC registrants that have never been examined, as well as those newly registered.

Chair Atkins – The SEC’s amendments to Regulation S-P imposed enhanced requirements on broker-dealers, investment advisers, and other covered institutions to adopt written incident response programs and provide timely notification to affected individuals in the event of certain data breaches. The December 3, 2025 compliance date marked a significant regulatory milestone, particularly as firms adjusted cybersecurity governance, vendor oversight, and breach notification procedures. With the new requirements now in effect, attention has turned to how the SEC’s examination program will evaluate implementation quality and determine whether firms’ incident response capabilities have substantively improved in practice, rather than merely on paper.

1. Now that the December 3, 2025 compliance deadline for the amended Regulation S-P has passed, what metrics or examination criteria will the SEC use to assess whether firms have meaningfully strengthened their enterprise-wide incident response frameworks?

EXAMS is actively working with investment advisers, broker-dealers, and transfer agents to prepare them for their new compliance obligations under Regulation S-P. Over the last several months, SEC staff have conducted three Regulation S-P Compliance Outreach Events focused on large firms, transfer agents, and small firms. At these events, staff from EXAMS, as well as the Divisions of Investment Management and Trading and Markets, covered the new Regulation S-P compliance obligations and discussed what firms could expect if examined. EXAMS staff also provided insights into the examination process, and the types of documents and information EXAMS staff may request and review, including incident response plans, to assess firms’ compliance with Regulation S-P. The events also covered some common observations that staff could make at the conclusion of the exam depending on the facts and circumstances. Additional information on the Regulation S-P Compliance Outreach Program, as well as a presentation providing an overview of our Regulation S-P exams, can be found at <https://www.sec.gov/compliance/compliance-outreach-program/regulation-s-p>. When assessing registrant compliance with Reg S-P, EXAMS uses a risk-based approach to registrant exam candidate selection and scope determination. Over the years, EXAMS has conducted risk-based examinations of SEC registrants’ compliance with Regulation S-P and, published risk alerts discussing common issues or observations EXAMS staff have identified during examinations. In addition, for several years the SEC has annually reported to Congress the number of examinations that request information related to an entity’s information security as one of the agency’s performance goals.

Questions from Representative Nikema Williams

1. Congress designed the SEC to be independent of the White House. Why have you repeatedly described the SEC's agenda as advancing the Trump Administration's priorities?

2. How do you align your repeated public support for using the SEC to advance the Trump agenda with the SEC's core mission?

ANSWER TO 1 AND 2:

As Chairman of the SEC, I am honored by the trust and confidence that President Trump has placed in me to lead the SEC. In my role I regularly engage with market participants and work with colleagues in President Trump's Administration and Congress to advance the Commission's mission. Policy decisions are made pursuant to a vote of the members of the Commission with a focus on our three-part mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation.

3. As you know, protecting investors is a core part of the SEC's mission. How is stripping investors of their rights protecting them?

I remain committed to the SEC's tripartite mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. In all Commission actions, we consider how our actions will serve to protect investors.

4. Don't fewer checks and less accountability create more opportunities for fraud and manipulation that would hurt investors?

Since I rejoined the Commission last year, we have brought enforcement actions to address offering frauds, insider trading, accounting and financial frauds, and breaches of fiduciary duty by investment advisers, among other types of actions, and we will continue to investigate and bring those cases. We are focusing on fraud, with particular attention paid to remedying harm to investors. The Commission remains vigilant and committed to holding accountable those who violate the federal securities laws and to uncovering and addressing fraudulent schemes that put investors' money at risk.