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The SEC Under Paul Atkins – What to Expect for Registered and Private Offerings, Climate-Related Disclosure, Consolidated Audit Trail, Digital Assets, and Agency Re-Organization

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Paul Atkins, who has been nominated by President Trump to serve as Chairperson of the Securities & Exchange Commission, last week completed a short confirmation hearing before the U.S. Senate Banking Committee. Despite its brevity, the hearing provided meaningful clues to Mr. Atkin's plans if he is confirmed by the Senate to lead the SEC, which appears reasonably assured to occur. On April 3, 2025, the Senate Banking Committee approved his nomination with a vote 13 to 11.

Paul Atkins previously served on the staff of SEC Chairman Richard Breeden, as an SEC Commissioner from 2002 to 2008, and as a member of the Congressional Oversight Panel for the Troubled Asset Relief Program, or TARP following the 2008 financial crisis. Most recently, he founded and ran a regulatory and compliance consulting company.

Here are a few takeaways from the hearing:

He Supports Regulation, but "Clear," More "Tailored," Less "Political"

Mr. Atkins can be expected to avoid regulation that he perceives as unnecessarily burdensome on business, but indicated that he would back regulation that he believes appropriately balances effectiveness and costs. Pressed on whether he intends to be "deregulatory," he stated repeatedly that he believes in regulation that is carefully tailored to the actual problem being addressed. When pressed on the causes of the 2008 financial meltdown, noting that he served as an SEC Commissioner in the years prior, he cited "mis-regulation" following the SEC's "focus on the wrong things" rather than the "actual problems."

Although Mr. Atkins did not comment extensively on enforcement, the expectation is that he will move away from what some perceive as "regulation by enforcement," which refers to enforcement cases against grey area activity, in favor of a focus on more traditional fraud actions, such as insider trading and market manipulation. This has been a particular concern of market participants in the crypto and digital assets industries. Mr. Atkins stated that he was in favor of imposing penalties on regulated entities for regulatory violations, citing the compromise reflected in the 2006 Statement of the Securities and Exchange Commission on Financial Penalties.

He Appears to View the SEC's Climate-Related Disclosure Rules as "Political"

Mr. Atkins stated that he would "get politics out of the financial markets." When asked about the SEC's extensive climate change disclosure rules, he clearly backed the agency's recent retreat from those requirements *The SEC Votes to "End its Defense" of Climate Change Rules*, but did not comment on the subject of climate-related and other ESG disclosure in principle, and thereby left the door open for new disclosure rules that in his view would provide information material to investors.

Public Registration Is Preferable to Private Offerings, and the SEC Did Not Go Far Enough In Implementing the JOBS Act, And May Suggest Further Legislation

Mr. Atkins indicated that public registration of securities offerings is preferable to private offerings, while citing the unnecessary burdens of public registration that he believes have contributed to a decline in the number of public offerings and public companies. In particular, he cited regulatory changes in 2016 called for by the JOBS Act, which among other things eased the requirements for "emerging growth companies" in registered offerings. Mr. Atkins stated that the SEC "never fully implemented" the JOBS Act, although he also mentioned potential additional statutory relief through Securities Act amendments.

Public commenters at the time of the adoption of the JOBs Act suggested some areas of additional flexibility, which may inform Mr. Atkin's priorities. For example, the Act raised the threshold for requiring large private companies to become publicly reporting companies from 500 record holders to 2,000 record holders or 500 non-accredited investor holders. Some commenters had suggested ways to ease issuers' determination of the number of non-accredited investor holders, such as allowing them to rely on the initial determinations made in a private offering, or to allow 3(c)(7) funds to presume the accredited investor status of their "qualified purchasers." Under current rules, making the determination is difficult at best. The SEC under the leadership of Acting Chairperson has taken steps designed to ease access to capital in recent months, including providing staff guidance designed to increase the use of Rule 506(c) exempt offerings (see below), and opening the confidential review process of SEC registration statements to all companies regardless of how long they have been public.

Views on Retail Participation in Private Funds

Members of the Senate Banking Committee pressed Mr. Atkins on the increasing availability of hedge fund, private equity and similar interests to retail investors. In response, he did not offer any specific SEC action that he believes warranted at this time, pointing to existing guardrails, and indicating that individual retail investors who are "accredited investors" do not require special SEC protection in making these kinds of investments.

The JOBSs Act also required the SEC to adopt Rule 506(c) permitting private placements using general solicitation, and raised the threshold for requiring large private companies to file public reports with the SEC. In expanding the JOBs Act amendments, Mr. Atkins may plan to further facilitate the use of Rule 506(c), perhaps through rule amendments and/or Commission interpretive guidance, following the very recent staff interpretive letter liberalizing the rule, which received widespread attention *SEC Eases Verification Burdens in Rule 506(c) Offerings*.

Members of The Committee Reflected Skepticism About Favorable Treatment Afforded to "Foreign Private Issuers"

In the course of their questioning, members of the Senate Banking Committee reflected skepticism about favorable treatment of "foreign private issuers," such as their exemption from the short-swing profit rules applicable to domestic issuers. Mr. Atkins stated that he would review these issues.

Digital Assets Will Be "Top Priority"

It comes as no surprise that Mr. Atkins believes that crypto and other digital assets have been hindered by regulatory uncertainty, and he intends to provide a "firm regulatory foundation" for the offering and trading of digital assets through "a rational, coherent, and principled approach." In other words, he believes that these activities should be regulated, but plans to provide clear, practical regulatory processes. The SEC recently established a Crypto Task Force, which has scheduled roundtable discussions. There has been proposed legislation on digital assets, as addressed in our prior blog *Digital Assets: What to Expect from the Incoming Administration and Congress*, and Mr. Atkins likely will weigh with Congress on where legislation may help the SEC's efforts.

He Will Review the Consolidated Audit Trail Requirements

Members of the Committee pressed Mr. Atkins on his support for the SEC's controversial Consolidated Audit Trail, or CAT, requirements, and indicated that he looked forward to reviewing the system to ensure that it is accomplishing the purpose it was adopted to serve. The CAT was mandated by the SEC following the 2010 "flash crash" and provides for the collection of trade and personal identifying information on all equity and option transactions in the United States. The CAT permits the SEC to detect and respond to market inefficiencies, but it has been criticized for its cost as well as for its retention of significant volumes of personal trade and other information, and for the lack of public access when the SEC writes new rules based on its analysis of the data.

No Immediate Major Overhaul of the SEC, But Agency Will Be Reviewed For Effectiveness and Efficiency

Given his substantial experience with the SEC, Mr. Atkins likely believes in the agency and its mission, but also has ideas for reform. As for DOGE and its efforts to substantially reduce the size of government agencies, he stated that "if there are people who can help creating efficiencies I would definitely work with them," and he will review the Commission's operations to ensure that the agency is working "effectively and efficiently."

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