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*Advancing Economic Mobility and Innovation*

# Opening Plenary | Modernizing Market Regulation: A Conversation with SEC Chairman Paul Atkins and CFTC Chairman Michael Selig

**Announcer** 00:01

Welcome to the Future of Finance. We are delighted to have you join us for this event and look forward to your participation throughout the day. To open the program, please welcome to the stage, Michael Piwowar, executive vice president, Finance Milken Institute.

**Michael Piwowar** 00:20

Good morning.

**Michael Piwowar** 00:24

All right, enthusiastic audience, that's fantastic. And welcome to the Future of Finance 2026 at the Milken Center for Advancing the American Dream here in Washington, DC. For those of you here for the first time in this beautiful space, please take some time and explore the exhibits dedicated to celebrating the four pillars of the American dream: education, health, the role of the entrepreneur and the subject of our conference, financial markets and the free enterprise system. It's a pleasure to gather with so many visionary leaders, innovators and change makers committed to shaping the future of how capital flows, how communities prosper, and how financial systems evolve to serve opportunity for all. Our convening has a powerful and practical mission to advance real world solutions that enhance economic mobility, promote innovation, strengthen resilience, and expand access to capital. Over the next two days, we will explore the ideas, technologies, policies, and partnerships that will make finance a greater force for good. This event brings together an extraordinary group of attendees and distinguished speakers from the public, private, and philanthropic sectors. From policymakers to entrepreneurs, from institutional investors

to civil society leaders, your engagement here signals a shared commitment to purpose. Our conversations will span some of the most consequential topics in finance today, including the rapid evolution of financial technology and innovation, new frameworks for lifetime financial security, strategies to build community resilience, and the geopolitical and economic forces shaping how capital flows globally. These discussions are not abstract. They are grounded in real world challenges faced by families, businesses, and communities seeking economic opportunity and growth. We recognize that the future of finance cannot be defined solely within the walls of this beautiful building for this convening. That is why this event is globally reachable. Key sessions are live streamed and available to audiences beyond Washington DC, reflecting the increasingly interconnected nature of our financial system and the shared challenges we face across geographies. Thank you to all the participants for your leadership, for your unwavering dedication to building a more resilient and prosperous financial future for all. So let's begin with our opening plenary. I now invite to the stage Chairman of the Securities and Exchange Commission, Paul Atkins and Chairman of the Commodity Futures Trading Commission, Michael Selig.

**Michael Piwowar** 03:17

Welcome Chairman Atkins and Chairman Selig, and let's get right to it. So you both have announced an ambitious agenda guided by your personal priorities and the priorities of the administration. Let's start with a topic that I know a lot of folks are here to hear about, digital assets. The CFTC and SEC both have jurisdiction over different parts of the market, and while we're all eagerly awaiting for Congress to pass a comprehensive and workable legal framework for digital assets to bring clarity—pun intended, and certainty to the markets, in the meantime, you're not just sitting on your hands. You're actually moving forward. You continue to move forward with a number of digital asset initiatives using your existing authorities. So Chairman Atkins, give us an update on those activities, and what can we expect to see out of the SEC in the weeks and months ahead?

**Paul Atkins** 04:10

Okay, well, thank you very much, Mike, and it's a pleasure to be here, first of all, and in this beautiful space. So all hats off to Michael Milken for this dream. I've watched this now develop and then finally get finished here over the last few years anyway. So it's really very impressive from what this building used to be, and, you know, maintaining all of that. And hats off to the other Mike here, Mike Piwowar for convening us today. But so crypto assets, digital assets is job one. I'm now approaching my 11th month in as chairman, and so it's good to be back, but it's also good to focus on issues that really need to be focused on, including cryptocurrencies.

**Paul Atkins** 04:57

The SEC over the last decade or so—first I call it like the ostrich and the head in the sand approach, hoping that maybe all this would go away. And then came the rat-a-tat-tat of regulation through enforcement, and kind of an empty invitation to—we have this "easy form" on the website that you should fill out. It's called an S-1 and it ain't that easy, and it takes lawyers and accountants, and it's very inapposite to digital

assets and the types of products that are being developed. So anyway, it's a new day now. We are taking firm steps to change it, but even before I got to the SEC, Hester Peirce, one of the commissioners who was my counsel back when I was a commissioner, headed up our crypto task force, which now has become Project Crypto. And I'm happy to say Chairman Selig was [inaudible] my office and Commissioner Peirce brought him into the SEC and did a wonderful job in getting us now ready to—we're working with Congress, and we're going—forging ahead to try to recognize digital assets and get them squared away as far as regulatory recognition goes.

**Michael Piwowar** 06:15

So give us an idea of some of the important initiatives you've been able to do with your existing authorities, things like tokenized funds, looking at tokenized securities, some of those things.

**Paul Atkins** 06:26

Our approach is different. Obviously, we've withdrawn a big number of enforcement actions that were predicated on registration. And so that was, of course—how can you expect someone to register if there was really no way for them to do it. So that was not a really good use of enforcement resources. And then, you know, we have forged ahead to using our exemptive authority and other sorts of advisory work to get people to where they need to be to forge ahead of new products. We are—I've enunciated a new approach with splitting it up with us and the CFTC, as far as you know, what are tokenized securities? And those are clearly securities—whether they're paper form or digital asset form. But then others are commodities. So we have digital tools and digital collectibles, and then, of course, digital commodities. And so those are in the CFTC realm. And so the two of us, working together can really bring certainty, but we do really need statutory certainty, because in the *Loper Bright* world, which was a Supreme Court case that basically threw out court deference to agencies like ours. And so in a post-*Loper Bright* world, courts can and will interpret the Supreme Court precedent and other things the way they might depending on the facts, but that's why we need the sense of Congress enshrined in statutory form to direct the courts where to go and then to undergird our efforts.

**Michael Piwowar** 08:14

Chairman Selig, like Chairman Atkins brings up a great point, there's only so much you can do without legal certainty from Congress on what to do. But there are things you can do, and you have been doing, so tell us about some of those initiatives, and what can we expect on the CFTC side in the coming weeks and months?

**Michael Selig** 08:32

Absolutely, and I view Project Crypto really, as a historic initiative between the agencies to upgrade and modernize our rules and regulations and future-proof them for technologies like crypto, like blockchain, but also for other technologies. We need to make sure that as regulators, we're not being prescriptive and forcing firms and intermediaries to rely on old technologies and be stuck in the past. So what we've done at the Commission thus far, in partnering with the SEC on this initiative, is working towards a taxonomy that's clear and defines, as Chairman Atkins says, "what's a security and what's not." And for the majority of digital assets trading today that are digital commodities or another type of asset that is not within the SEC's remit. We've got to have clear rules of the road at the CFTC. Part of that starts with our existing derivatives markets. Many of the firms want to move on chain. The prior administration drove a lot of these firms and the liquidity offshore. So the perpetuals markets are a great example of this. We've had perpetual futures contracts and crypto assets for a very long time, really since the early days of the markets. But they've developed offshore. They've been on exchanges in Asia and Europe, in the Bahamas, and elsewhere. And we've got to bring that back to the United States. We need to have that liquidity here in the US, and we need the right investor protections to ensure that these firms don't blow up and affect our shores, so we're working towards getting perpetual futures, true perpetual futures, not long dated contracts, here in the US within the next month or so. So we do expect to announce that very soon. We're also working towards on chain markets. So we're looking to have clear guidance as to what sort of digital wallets would implicate our regulations. The prior administration really went after firms that were just offering software products that allow users to hold digital assets, to transact on digital networks, and to access front ends and participate in the blockchain networks. So we need to be clear as to what's involving our regulatory regime, and what's not we intend to do that very soon. We're also working towards regulations that accommodate on-chain software systems. So decentralized finance protocols and other types of blockchain networks have been in this sort of limbo where the prior administration characterized many of these. We look no further than enforcement actions against some of the more prominent DeFi firms, like Ox, characterizing these types of software systems as a type of exchange or broker. We're going to make sure that it's very clear as to what implicates the CFTC regulations and what doesn't. And to the extent that an on-chain software system or front end does implicate our rules and regulations, we're modernizing and future-proofing those rules so that there's a place for all of that. We really believe that there's a spectrum of decentralized finance and on-chain markets, and some of it may implicate our rules and regulations. Other of it doesn't, but to the extent that something does, we need to create a path for that here in the US. So we're really interested in following the SEC and having some sort of innovation exemption that allows for firms to create new products without the fear of regulation by enforcement that the prior administration brought. So those are just a handful of things we're working on, but we're really excited to continue to modernize and upgrade our rules for the 21st century.

**Michael Piwowar** 11:59

That's great. Paul.

**Paul Atkins** 12:01

I just wanted to add something as well, because for those of you who are not in the weeds with respect to distributed ledger technology, the blockchain, and all that—we really are now, in financial services, at the

culmination of a really exciting new frontier, frankly, which will derisk our financial services business tremendously, I believe.

**Paul Atkins** 12:22

Because right now we—back when I was starting out as a lawyer in New York, back in the 1980s, you know, was T+5—the trading date plus five business days to then clear and settle a securities transaction. And sometimes in Italy, for example, it was even longer, maybe even a month before that happened. But whatever. It was, in the United States, five business days. But a lot can happen in five business days that can mess up that particular transaction so that it completely fails and doesn't get settled. So now we're at the cusp, basically, of T0, an immediate on-chain clearance and settlement. You have a transaction. Somebody wants to buy a security from someone else, and on-chain you can, through a stable currency, which you've heard about, or some of the tokenized securities that we've approved, such as money market mutual funds, or to come, will be tokenized bank deposits. So just think of that, where on-chain immediately—when maybe we'll have to introduce some little speed bumps to prevent fraud and things like that. Because once that button is pressed, you know, away goes the money. But in theory, we could have for many instruments, immediate on-chain, delivery versus payment, receipt versus payment on-chain. That is something that people have dreamt about for ages and ages, and so we're right on the cusp of that. And so to me, that's exciting, and that will lower costs. It will make things much more certain in financial services, and that will have a really huge benefit for even consumers and everything else.

**Michael Piwowar** 14:10

That's very exciting. So in order to come up with a with a framework that works for market participants who sometimes don't know whether they're under the SEC or CFTC jurisdiction, your two agencies are going to have to work together. And in terms of thinking about how the agencies have worked together in the past, we can say that the historical record is mixed at best, right? We have narrow based index futures versus broad based index futures are divided up, swaps versus security based swaps. Chairman Selig, let me start with you. Can you explain how you're going to be working with the SEC and in the unique opportunity we have with you two individuals, where you came from, the crypto— you were the Chief Counsel of the SEC Crypto Task Force—and talk about how you're working together, your two agencies, and what we can expect to see coming out in a harmonized, joint framework.

**Michael Selig** 15:01

Our harmonization efforts go beyond crypto. So it's not just a crypto effort. There's so many products and so many market participants that have just been strangled by duplicative regulation, and there's a lot that's fallen through the cracks because the agencies have not been able to work collaboratively and cooperatively with one another. Look no further than some of the litigation, where you've got the SEC suing the same market participant as the CFTC, just to regulate my enforcement and prove a point. So we're working together. We believe that sharing information, having regular meetings between the staffs, sharing surveillance efforts, and also working towards a substituted compliance regime is the best thing for

the markets, so we're putting aside kind of the agency pride and turf battles of the past to make sure that we have a harmonized regime that actually works for the American people. And so, for so long, we've had these two agencies that just can't cooperate. Foreign regimes have a single regulator. They don't have this problem. So there's no pride as to whether something's a security or a commodity, but here, there's always been these turf battles. So working towards substituted compliance, where if you're a broker or you're a Futures Commission Merchant, or you're a DCM or an NSE, you can come in and register with one agency, have a single primary regulator, and have some sort of substituted compliance regime where you have compliance with both agencies. That's really something that I think will be beneficial for the markets and allow for less of this strangling of our market participants. Another area is clear definitions. So the crypto example is a great one, but there's also security based swaps, and security futures, and so many other products where it's always been hard to define what's what. And even if you define it as one or the other, then the agency wants to go sue a participant over it. So agreeing as to what's a security future, what's a futures contract, what's a security based swap, what's a swap, having clear lines in the sand, and then having a regime where even if you fall into one regime or the other, you can experiment and still offer some of these products that have joint jurisdiction or jurisdiction with another agency on your platform. Also surveillance sharing. When we're surveilling these markets, it's becoming ever more important for the agencies to share information. So with our broad-based index products and securities and the SEC regulating narrow based and security products, we can share information. I think movements in those markets are important for both agencies to understand. And then with crypto and blockchain, we really need to share tools. And prediction markets are another area where we have a lot of shared authority, similar products, similar platforms, but slightly different jurisdictions. So we're working together to make sure that things are seamless and market participants aren't really the victims of this turf battle between the two agencies.

**Michael Piwowar** 17:55

Chairman Atkins?

**Paul Atkins** 17:56

I agree. The way I like to describe it is, imagine two fortresses with a no man's land in between. So there are lots of would-be products that I've seen in my lifetime kind of just get mowed down by the crossfire between the two fortresses in that no man's land. So the bodies are littered there, but that's going to be no more, so we'll declare a big truce and armistice or whatever. My dream is ultimately to have mutual recognition over things and basically what we've been calling a super app where, you know, the market participants in either side will be able to have— with mutual recognition between the two agencies—then we'll be able to accommodate people and recognize what the other is doing and recognize registration and all that. It'll make things easier. People can go to market more quickly, and the two agencies will be arms linked to solve those problem. Right now, my predecessors brought cases that where, you know, in our view, are not securities. Things, not securities. So the statute of limitations has gone away. And you know, these things are in court. And we're not going to prosecute them. So we could have, and should have, I think—that my agency should have just kicked them over to the CFTC *ab initio*, and that would have solved the problem. The rules are a lot, pretty much, very similar with respect to market manipulation and things

like that. There was never any real due notice for people in the digital asset world as to what's the security, what's not. The SEC pretended that was really clear, and any dope should be able to know it well, you know that's not the case. So anyway, so we're trying to move forward now, put paid to what's gone on in the past, move forward and give clarity to the marketplace. So that everyone can benefit from all these great new products that are in the office.

**Michael Piwowar** 20:05

That's great to hear. I mean, the turf battles have just raged on for decades, and this concept of mutual recognition is each of the agencies has done that internationally with other regulators but not with each other. So it's great to hear that you're applying that concept across the two agencies. Chairman Atkins, let me change topics here. The mission of the SEC is to protect investors, maintain fair, orderly and efficient markets, and promote capital formation. And that third part of the mission is often forgotten, but not by you. You have really made that a centerpiece of your agenda at the commission. Talk to us about why that is so important that you've focused on that and some of the initiatives that you've got going, and what can we expect it to come out of the SEC.

**Paul Atkins** 20:48

Well, yeah, so people tend to forget that the reason why we have stock exchanges and capital markets—is to raise money for companies who have good ideas and they need to build property, plant and equipment, and they need to do R&D, and sell their products and everything else and develop them. So that's why we have capital markets. When I was a lawyer, starting in the 1980s in New York, IPOs meant something. Companies needed to tap into the public markets, to raise that capital, to develop their their products, Apple, Microsoft, Advanced Micro Devices, all those companies went to market early stage to raise their capital. Now, you know, 30 years on, we have large private markets, so that's great. That's a really great aspect of the United States capital markets, but IPOs we have now, have declined, of course, and so we have now fully half the number of public companies as we had 30 years ago. And that's because between bankruptcies and mergers and all that sort of thing, without an inflow of new companies, then you have the population decrease. And that's all while the United States percentage of capitalization of global capital markets has gone from 30 some percent a few years ago to now fully half. And some of that's the Magnificent Seven. But all of it—I mean, our markets have really risen. So what I have set out to do is to make IPOs great again, to make it cool, to be a public company again. And so there are three main initiatives that we're doing to try to undergird the capital markets. And one is to look at our rule book, to try to right-size and make fit for purpose a lot of stuff that has piled up in our attic, our basement and our garage. And so we need to spring clean all of that, and then to fit with a focus on what is material for an investor to know. And if you look at for example, Entergy is a public utility down in Arkansas and Louisiana, their 10k for the current year is 970-some pages long. And I challenge anyone to go through that. It's a complicated company, and tell me what the real risks are, and tell me about that company. So we have lost, you know, the trees for the forest, frankly. It's really difficult for investors, even professional ones, to separate the wheat from the chaff. So we're refocusing on that. We're looking at litigation, which is a big impediment for people to go public. It's much more comfortable to stay private rather than face class action lawsuits, and vexatious litigation is what the problem is. And then finally, is the weaponization

of corporate governance through advisory shareholder proposals that have nothing to do with the economics of a company and everything to do with social issues that are advanced by people with particular axes to grind. So it's time to get back to basics. It's time to refocus on capital formation and rebuild our capital markets.

**Michael Piwowar** 24:06

Oh, that's great to hear. So Chairman Selig, let me turn to you on probably one of the hottest financial regulatory topics of the day, and a subject of a panel later this morning, is prediction markets. I can remember when the first modern day prediction market started as an academic exercise at University of Iowa, the Iowa electronic markets. And it was, it was a research exercise to show that markets were better than polls. And they actually applied for and got no action relief from the CFTC because it was small dollar amounts. It was for research and educational purposes. Fast forward today, and there's a seemingly increasing—almost at daily—number of platforms that are out there that are doing these event contracts in prediction markets. They've spilled over into areas like sports betting, which were traditionally regulated by the states, but you and leading the agency have come in and said, well these event contracts is solely the jurisdiction of the CFTC. You filed an amicus brief in a federal Supreme Court case. Talk to us about your view on why these fall under the CFTC jurisdiction, and what your plans are for that.

**Michael Selig** 25:19

The brief made a little bit of news. We filed in Nevada relating to our federal authority over derivatives markets, which we've had a national, federal regulatory regime for derivatives for a very long time, since the 70s, since the CFTC actually was formed. And we've had a very broad definition of commodity. In fact, the Dodd-Frank Act expanded our authority over different types of derivatives into the swaps world, including event contracts, some of which are swaps and others are a type of futures contract. But this authority is not new, and it's pretty broad and wide reaching, and so we did file to assert our authority in that litigation and are evaluating other avenues to make sure that our market participants have the ability to do business, to offer derivatives products. Just as other federally regulated regimes are regulated under a single set of rules and regulations, we've got to make sure that we don't have 50 different regimes for our derivatives products across the United States. As you mentioned, Michael, the event contracts or prediction markets are not new. We've had them since the Iowa electronic markets, and that was actually built out even under the Clinton administration, where many of these firms wanted to offer political prediction markets for nonprofit purposes or for educational purposes, research purposes. But then other firms started offering them for-profit and beyond that. Nadex was one of the early exchanges in this space. And so we've continued to monitor and regulate these markets. They're treated just like any other futures exchange where we have clearing, we have certain risk controls, there's advertising and marketing requirements on the brokers. So this is a very fulsome regime, and it's very much—I like to liken it to you've got a federal pharmaceutical regime that's got very stringent requirements, and then you've got supplements that can be offered in many different ways and don't have the same sorts of regulatory requirements and overlay. We've got state gambling and gaming rules and regulations and licenses, and they're able to offer certain products. They're able to serve a bunch of alcohol for free to people and let them go bet on sports. They're able to use a bookie and be able to set the spread. Our products are very

much heavily regulated and have stringent requirements. It's a different regime. They can exist in parallel. We certainly don't go into casinos to evaluate whether they're offering legal over-the-counter swaps, but we make sure that we assert our authority where it makes sense and where we see states getting a little ahead of themselves. So we filed a brief, and we'll continue to assert that authority. And in my view, these markets are really important to have here in the United States. We've seen the disinformation, the hoaxes, the fake news, and all of the ability of certain individuals to control gatekeepers and make sure that the polls say what they want them to say right before an election. But the prediction markets tend to get it right, and I think they are an important tool to have here in the United States. And I would have less confidence if the center of prediction markets were in China or Russia or somewhere else. I think it should be here in the United States. And the more we try to block these markets—we saw it with crypto—it just goes offshore. So my view on this stuff is that we've got to set the right rules and regulations for it here in the United States, or otherwise, we're just going to have black markets offshore. And what we're doing for these markets, beyond getting involved in litigation, is setting clear rules and regulations. We are going out with guidance in the very near future, so please stay tuned. We're going to be setting very clear standards as to what can be self-certified in our markets and what cannot, and how to evaluate the different products that are offered in the in the space. We are also planning to go forward with an Advanced Notice of Proposed Rulemaking in the near future that will set the stage for more fulsome rulemaking.

**Michael Piwowar** 29:27

Wow. Lots to look forward to from both agencies. Unfortunately, we're out of time. Chairman Atkins, Chairman Selig, thank you so much for being here and sharing your insights. Thank you.

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