



2026 GLOBAL CONFERENCE

LEADING IN A NEW ERA



ADVANCING A MODERN REGULATORY FRAMEWORK: A CONVERSATION WITH SEC CHAIRMAN PAUL ATKINS

Michael Piwowar 00:02

Still coming in. Hello, and welcome to the session, "Advancing a Modern Regulatory Framework: A Conversation with Securities and Exchange Chairman Paul Atkins." My name's Mike Piwowar, and I'm the executive director of the Georgetown Psaros Center for Financial Markets and Policy, and a senior advisor here at the Milken Institute. Welcome, Chairman Atkins.

Paul Atkins 00:22

Thank you, Mike.

Michael Piwowar 00:23

Let's get right to it. Chairman Atkins, you recently marked the first year of your term as chairman of the SEC. What have been your biggest challenges, and what have been your biggest accomplishments? What are you most proud of?

Paul Atkins 00:36

Well, coming in here, like you say, it's been just about exactly a year, but we've been trying to refocus the agency to its core mission. And so, in many ways, that means turning the ship 180 degrees from what went on before. But basically, we're focusing on economic materiality for disclosure and the minimum effective

dose of regulation that's needed for investor protection and to keep our markets going as they have. We've ended regulation through enforcement, where we're already starting to see our announcements coming out for notice and comment rulemaking on a whole bunch of things. So, keep your seat belts tightened for this year. There's a lot to do, and we're looking forward to comments.

Michael Piwowar 01:27

Yeah. So, talking about that, what can we expect to see moving forward in, say, the next three to six months coming out of the agency?

Paul Atkins 01:34

Well, so we're focusing on areas like corporate disclosure. So, the backbone is called Regulation S-K, which the agency has not really looked at for so many years. And so, we'll be going through it to try to weed out things that have piled up. And so, I call it our spring cleaning, and where we're looking at not just the attic, but the basement and the garage. I don't know what your house looks like, but mine certainly needs that. The SEC's house definitely needs that. So, this is all with a goal of making America attractive again to invest in, which it certainly is, but to make basically IPOs great again is my goal. Because our public markets have—the number of public companies has decreased, with half, more or less, from what it was 30 years ago. So, the Russell 5000, I joke, is the Russell 3000 now. So, we need to refocus. Capital markets are important. Public markets are very important for valuation, if nothing else, but a democratization of participation in the capital markets.

Michael Piwowar 02:50

Can you give us some examples, some details on how you want to make IPOs great again, and tell us how far you are in that process?

Paul Atkins 02:57

Well, so in general, the whole focus of what we're doing is what I call our ACT strategy, so advance, clarify, and transform. So advance means to modernize. And so, in all different areas and with making IPOs great again, digital assets, and other things, we need to modernize the SEC's approach to embrace innovation and to embrace the way that the capital markets are functioning now. So, there are three different pillars that we're focusing on with IPOs. And so, the first is just the cost and complexity of disclosure. And, if you look at—a couple months ago, I had to do back-to-back hearings in Congress, and so I brought with me the Energy 10-K, and it's 970-odd pages. And so just that amount of information, I think, is hard for investors to deal with. So, we need to refocus on what's financially material, what does that mean, and then so we should demand no more from public companies than that. And then, secondly, is litigation issues that, frivolous litigation that bedevils our capital markets. And so, if states permit mandatory arbitration and fee shifting, we will let people go public. And that's never been a rule for or against that at the SEC, but unfortunately, staff action and others over the last few years have prevented companies with that in their

bylaws from going public. And then finally is the weaponization of corporate governance and shareholder proposals and that sort of thing to get away from special interest groups having an ax to grind and then abusing the corporate governance process for their ends.

Michael Piwowar 05:01

Yeah, you mentioned your ACT strategy, and the C in ACT is clarify. And providing clarity for the crypto assets or digital assets markets is one of your top priorities. And I know the SEC, you've been assisting Congress in its efforts to pass market structure legislation to provide clarity in terms of the jurisdictions and authorities and grant new authorities to you and the CFTC. But as Congress continues its work, you're using your existing authorities to provide clear rules of the road. Tell us about your efforts there.

Paul Atkins 05:34

We are. So, this is really just the poster child of how the problems that I found coming in were regulation through enforcement in the digital asset space basically chased innovators offshore. And so, we need to, as the president has said, we need to focus on having innovators to be able to innovate here in the United States under American laws and for the benefit of the American economy and American investors. And so, with that, we are working hand in glove with the CFTC. The president appointed Mike Selig, who was the chief counsel at the SEC in my office for our crypto task force. So, he is now chairman of the CFTC. So, we are meeting regularly, and so we came out here a couple of months ago with an interpretative release, a joint action by the two agencies, where we adopted a taxonomy focusing on what is in the SEC's bailiwick, what's in the CFTC's bailiwick. Sort of like back in the 1500s when the Pope divided the world between Spain and Portugal. We know where we are and then collaborating. And sure, there's still overlap, but with the SEC and the CFTC working together, we can solve that. But basically, digital tools, digital collectibles, digital commodities are all on the CFTC side. Tokenized securities are on our side. And then the GENIUS Act took care of stablecoins, and that's with the bank regulatory agencies. So, we are driving ahead in our lane, but we want to make sure that there's no gap left between us and the CFTC. They have sufficient regulatory powers, just like we do, and so we need to basically divide and conquer and make sure that we cover adequately the markets, and then give investors the confidence to invest here in the United States. And we've seen over time, like for example, with FTX going offshore, that was one of the things that enabled Sam Bankman-Fried to keep his fingers in the till, and abuse his customers' and investors' investments and capital.

Michael Piwowar 08:06

Yeah, for those of us that have worked at either of the two agencies and following for a long time, what you and Chairman Selig are doing is striking and welcome to what you're doing. And as you point out, it's not only providing clarity for market participants, but it's actually helping to protect investors more, bringing stuff inside the regulatory framework, and making it subject to enforcement by the agencies. So, on enforcement, you mentioned regulation by enforcement. You're stopping that, the prior administration had been doing. You've been quite critical of what the prior administration had done on enforcement. And

you said your approach is going to be to recenter the SEC's enforcement program to focus on fraud. I'd like you to talk a little bit about that. And I note that today is the first day of your new enforcement director. Can you talk about what are the goals are?

Paul Atkins 08:57

Yeah. It's really great to have David Woodcock join us. So, I've known him for years, and he's very competent and accomplished, and so he is aligned on the goals for the division. So, I really look forward to having him participate. But basically, again, our focus is on not quantity of cases, but on quality of cases. And so, in the previous years, the SEC was focusing on, for example, the lack of saving of text messages and whatnot at various financial services firms. There was not one instance in the sweep that the SEC did where they found fraud or manipulation of the markets due to those sorts of issues, lack of saving them. But the SEC just went down the cap table of the various trade associations handing out tickets and whatnot. And so even though the SEC itself had exactly the same problem as it identified with the various players in the marketplace. So that's not the way a regulator should work. It should be like the teacher in the classroom rapping the ruler on the desk and saying, "Class, you're out of order. Sit up straight. We have the same problem as you do. Let's jointly solve this," and do it through round tables. We can't tell the market what to do, but we can certainly help. And it's not all about enforcement numbers, but it's about having a well-functioning marketplace for investors and to build up confidence for investors, US investors, and international investors who come to the United States.

Michael Piwowar 10:51

All right. Let's turn to ETFs. So, under your leadership, the SEC took action to allow mutual funds to offer ETF share classes. Now, this may seem like an in-the-weeds, arcane, technical rule, but you published a Washington Post op-ed pointing out that this is a major tax break to millions of investors. Can you share a little bit about this and how it benefits investors?

Paul Atkins 11:17

Well, it is a huge tax break for millions of investors. Our economists have estimated maybe \$150 million or so per year, at least. And so, what it is, is focused on allowing mutual fund families to have ETF sleeves. And so, it's all about the tax laws and mutual funds are not necessarily very tax advantageous. ETFs have advantages. So basically, through this change of our approach and allowing them to set up ETF sleeves and mutual funds, we'll be able to create huge advantages for investors.

Michael Piwowar 12:03

I mean, it's amazing that just at the regulatory agency, you were able to do this without any changes in law, any changes in the IRS code.

Paul Atkins 12:11

Well, I think we have good folks at the SEC, and creative thinking, and knowledge of the industry. Brian Daly, our head of investment management, is a great guy. So, we are actively looking at things like this that can advance investors' interests.

Michael Piwowar 12:30

That's great. So, let me turn to private credit, which is one of the hot topics at this year's global conference, the state of private credit markets. You've got some funds are blocking redemption requests, and there's been a number of loans defaulting. So, what role does the SEC play in the private credit market?

Paul Atkins 12:49

Well, that's been in the news a lot lately, obviously, and so, we're monitoring it carefully with our colleagues at the Treasury and elsewhere, the Fed and whatnot. So, we have a special role to play, because our jurisdiction with respect to fraud and manipulation in the sale of securities extends to private markets as well under Section 10(b) of the '34 Act. So, we're taking it seriously. We are monitoring the situation. We're examining various firms and just like we would normally in that particular sector. And then there's been allegations of fraud and obviously, I can't talk about any specific cases, but we are investigating that as well. So, the good thing about the private markets is that they exist because if you look at small and medium-sized enterprises, because of the Basel III and Basel II capital rules and what came out of Dodd-Frank, banks really cannot lend to many of these sorts of firms. And so luckily, the private markets were there to step in and provide the capital because we do have robust private capital markets here in the United States on both the equity side and the credit side. So, our economy would not be anything near what it is now, and especially for small and medium-sized businesses, which provide most of the job creation in our economy. So, it's very important that we support that. So, thank goodness for that. Obviously, we're monitoring it. But right now, the FSOC, the Financial Stability Oversight Council, which has us and Treasury and other financial regulators, we don't see this as a systemic risk, at least at the current time, but we're monitoring that and staying apprised of it.

Michael Piwowar 14:59

Yeah, earlier you mentioned that you have fewer public companies today than we did 30 years ago. In terms of investment opportunities in equity, you've been doing some things to allow more retail access in private equity. What about on the private credit side? Is there appropriate ways for retails to gain exposure?

Paul Atkins 15:32

Yeah. Well, so there's a proposed rule that the Labor Department came out with to expand the ability of 401(k) plans to invest in private assets. And so, we've been collaborating with them, as has Treasury. And so, looking forward to the comments that will come back with respect to this proposal. But I feel there are issues around the private markets as with anything else. And we need to be careful as to give good, firm guidelines to trustees of 401(k) plans with respect to appropriate investments because the private markets have challenges since it's not an everyday traded instrument, whether equity or the credit side. There are issues around valuation and obviously liquidity, as we've seen in the recent issues around the private markets. And where investors stand in the capital stack, whether you have investment grade or you have junk, there's a huge difference there. So, we need to be careful and give these guidelines to 401(k) trustees so that they can look after their beneficiaries. But it was interesting, soon after I became chairman of the SEC, the CEO of one of the largest state pension funds in the United States came to visit. And basically, she said that back after the financial crisis, the board of that fund voted to get out of private markets altogether and only be in the public markets. Well, so then now, 20 years later, 15 years later, whatever, their coverage ratio plummeted from the '90s into the 70s, and she thinks it'll take 20-30 years to make that back up. And in the same state, there's a similar pension fund that never got out of the private markets, and they still have a coverage ratio in the '90s. So, her bottom line is that one cannot be well diversified these days in this current booming economy that we have, unless one has exposure to private markets as well. So that's what we aim to do for American investors and retirees to have a good, firm retirement income.

Michael Piwowar 18:00

Great. And so, for our final question, a note that we're approaching America's 250th anniversary, and you recently gave a speech at the New York Stock Exchange highlighting the need to preserve the promise of our capital markets for the next quarter millennium and well beyond. Can you elaborate on this?

Paul Atkins 18:18

Yeah. Well, so it's often said that American capital markets are the envy of the world, and they are. And every time I travel to Japan, Britain, the EU, everybody says, "How can we replicate what you have in the United States?" So, we're working now at the SEC to undergird that and to make it even more effective than before. And so, part of that is you should remember that America was an investment before it was a nation. If you look at the public companies that were—the shares that were floated in Britain and France and the Netherlands and elsewhere, New Amsterdam, New York was founded by a company, and elsewhere in the United States. That public investment has built the railroads, the canals, the tall buildings that we see, and all the amazing innovations that we have from technology. So, we have to thank our public markets, and it's basically because of the innovative spirit of Americans. You can't build this from the top down, which I think some of the European countries and otherwise think. It has to come from the bottom up, and Americans are entrepreneurs at heart. They are investors. They're risk-takers. The Europeans say, "How can we build a much more risk-accepting rather than risk-averse culture?" Again, it's

really the inherent aspect of American investors that I think we need to recognize, foster, give them the opportunity to succeed, and not smother them in a sea of red tape or immaterial disclosures.

Michael Piwowar 20:03

Wow. America as an investment before it was a nation, and the SEC's role in making sure that continues. What a great way to end. Chairman Atkins, thank you so much for taking time out of your busy schedule.

Paul Atkins 20:11

Thank you.

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