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The Honorable Paul S. Atkins

Speaker

The Honorable Paul S. Atkins
Chairman
Securities and Exchange Commission

Interviewer

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DAVID M. RUBENSTEIN: So how many people here have read the book "1929?" Anybody read this book, by Andrew Ross Sorkin? So, it was an outstanding book, and if you read it you know – and if you didn't read it you may not know – that in the times of the crises in the 1920s – stock market crash and so forth – there was no SEC. The SEC was created in 1934. First chairman was Joseph Kennedy. Since that time, a number of distinguished people have served as chair of the SEC. In fact, today our guest is the 34th chairman of the SEC, Paul Atkins.

Paul Atkins is a – was born in North Carolina; raised in Tampa, Florida; went to college at Wofford College in South Carolina; was elected to Phi Beta Kappa there; later went to law school at Vanderbilt, where he was an editor of the law review; and then went to New York to practice law at Davis Polk and Wardwell in their New York office and later in their Paris office. He then was recruited to serve the staff of the SEC and served on the staff of the SEC under two different commissioners, Richard Breeden and Arthur Levitt. And then later, when he left that, he came – he started a consulting firm in Washington, Patomak Consulting, and built that up as a business advisory firm. Then later, under President Bush 43 – George W. Bush – he was appointed to be a member of the SEC. And he was a member of the SEC for six years and then left and went back to his consulting firm. And then, under President Trump, he was appointed to be the chairman of the SEC, which is the position he now holds.

So, it's our honor to have the chairman of the SEC, Paul Atkins, make some remarks, and we'll have some conversation afterwards. Thank you. [Applause.]

THE HONORABLE PAUL S. ATKINS: Well, thank you very much, David, for those warm words of introduction and for the invitation to join you here at The Economic Club of Washington. And good morning, ladies and gentlemen.

Like much of the club's membership, David's career has been animated by a sense of great civic purpose. And, David, you're no stranger as to how regulatory issues affect the marketplace. So, it's a special pleasure to be with you today and I look forward to our conversation in just a few moments.

Of course, I should also like to thank the market participants and business leaders who are here with us today this morning, as well as my counterparts from across the administration. I'm grateful for your presence this morning and for your partnership in the work that we share.

Finally, before I offer a few reflections, let me note the customary disclaimer at the SEC that the views I express here today are my own as chairman and not necessarily those of the SEC as an institution or of the other commissioners.

As David mentioned here just a few moments ago, today marks a year since I began my third tour of duty at the SEC. I first, as David mentioned, served on the staff of Richard Breeden and Arthur Levitt in the early '90s, and then later as commissioner in the Aughts. But taken together, those experiences have shaped how I approach my role as chairman and how I understand the SEC's place within our broader financial system. Those experiences also provide a vantage point from which certain patterns come into focus, among them how Washington has a way of standing athwart innovation and capital formation; how layers of regulation can

accumulate without regard to their cost or consequence; and how complexity, once introduced, seldom recedes.

Indeed, over the years the SEC's rules have multiplied faster than the problems that they were intended or purported to solve. Our requirements have tended to grow in scope without a commensurate gain in clarity or effectiveness. And the cumulative effect of the Commission's losing its focus on economic materiality as its guiding light has been to introduce friction where entrepreneurs depend on clarity and uncertainty where markets rely on confidence.

So, it's against this backdrop one year ago that I stood beside President Trump in the Oval Office to say that it is time for the SEC to end its waywardness. Today, I'm pleased to report that we have.

One year ago, I said that we must return the agency to the core mission that Congress set for it. We did. I called on the Commission to provide a firm regulatory foundation for digital assets. We are well into that process and collaborating with our fellow regulators and with Congress. Above all, I urged my colleagues at the SEC to strive to ensure that the U.S. remain the best and most secure place in the world to invest and do business, and we will do that. In short, one year ago I declared that it is a new day at the SEC. I meant it then and I speak to it now.

First, though, to appreciate the magnitude of the gains that we are making, I think that it is instructive to contextualize them in the years of regulatory adventurism that they follow. Congress tasked the SEC with three mutually reinforcing aims, which are to protect investors; maintain fair, orderly, and efficient markets; and to facilitate capital formation. This, our statutory mission, is clear in its design and precise in its scope.

Yet, in recent years, as I just alluded to, the Commission constructed around those core pillars a thicket of obligations that were unmoored from any of them, precipitating a disclosure regime that had been hijacked to serve interests beyond those of investors; an enforcement program that had become a de facto instrument of our rulemaking function; and a path to going public that had grown so costly, so litigious, and so politically fraught that an untold number of entrepreneurs understandably chose to remain private or to just list elsewhere. The agency charged with stewarding the world's greatest capital markets had become in many respects an imposing obstacle to them.

The answer to that is what I'm calling our A-C-T, or ACT, strategy, which rests on three distinct but interlocking pillars. First, A, to advance our regulatory frameworks into the modern era; C, clarify our jurisdictional lines; and T, transform the SEC rule book by returning it to first principles. Every initiative towards which the SEC is working – every rule that we propose, every interpretation that we release, and every institutional reform that we undertake – largely falls into at least one of those three categories. So let me now take each in turn.

First, advance. As I have stated, to advance our regulatory posture is to bring it into honest alignment with the world as it is rather than as it was when many of our rules were first

written. After all, innovation rarely pauses for regulation. And perhaps nowhere has the cost of failing to keep up been more apparent than in the agency's treatment of crypto assets.

Under the previous administration, innovators found that engaging with the SEC often relatively quickly gave way to getting investigated by it. Well, the market rendered its verdict on that approach, and it did so in the form of migrating towards perceived friendlier jurisdictions offshore. An entire generation of digital asset innovation developed outside of the United States – not because American entrepreneurs lacked the ambition or that American investors lacked the appetite, but because American regulators lacked the will.

So, over the past year the SEC has moved decisively on President Trump's goal of making America the crypto capital of the world. Building on and broadening the great work of our own Crypto Task Force, I launched Project Crypto to modernize the securities rules and regulations to facilitate the markets' moving on-chain. Most recently, we delivered a long-overdue clarity provision providing – publishing a crypto-token taxonomy that distinguishes between five categories of digital assets, four of which are not securities. And we are on the cusp of releasing what I call an innovation exemption, which will provide market participants with a cabined framework to begin facilitating the trading of tokenized securities on-chain in a compliant fashion as the Commission works towards long-term rules of the road.

Of course, while modernizing the agency's frameworks has come to define our approach to crypto, it scarcely is limited to it. I think also of reforms that we have pursued to enable ETF share class structures for mutual funds, a change that could save taxpayers billions of dollars, as well as a new Cross-Border Task Force that targets those who seek to use international borders to evade and undermine U.S. investor protections. Markets are global; I believe that investor protection must be as well.

Advancing our regulatory posture also compels us to follow the capital flow as more of it finds its way into the private markets, a natural result of the heavy-handed regulation that forced banks to get out of the business of financing small and growing enterprises. The SEC is closely monitoring both the lending gap that private credit has filled and the emerging pressures that it has recently experienced, including elevated redemption requests and rising default-rate projections.

Let me be clear that opacity in this space can be an issue – that valuation, transparency, and credit quality are key; that higher fees and less liquidity must be taken into account regarding the appropriateness of an investment; and that our aim, along with that of our colleagues in the federal government, is for a wider group of investors, guided by their fiduciaries, to be able to participate in broader, diversified investment choices with the information and guidance that they need to make sound decisions, with reasonable safeguards in place.

Now, that was for advancing a regulatory framework. As to clarification and clarify, the SEC's advancement of modernized rules is only as useful as the clarity with which we apply them. So, after decades of subjecting innovators to fragmented oversight and overlapping authorities, CFTC[1] Chairman Mike Selig and I signed a historic memorandum of understanding

[1] Commodity Futures Trading Commission

last month between the two agencies. The MOU aligns key definitions, clarifies jurisdiction, and coordinates oversight in areas of shared interest, including digital assets.

Having interacted with both agencies now for about three decades, I've seen up close how jurisdictional ambiguity can stifle innovation just as surely as ill-devised regulation. So, I hope that soon gone will be the days of forcing dually registered firms to navigate divergent processes. Instead, by aligning regulatory definitions, coordinating oversight, and facilitating secure data sharing between the two agencies, we are replacing a regulatory no man's land – that barren place where the wreckage of would-be financial products lay for too long – with fertile ground for innovation to take root and flourish.

So, finally, the third pillar of our A-C-T strategy is to transform our rule book by trimming requirements that burden the market without benefiting investors. The fourteen vexatious rule proposals that we withdrew last summer augured the methodical effort underway to conduct a first-principles review of our entire disclosure regime. Over time, many requirements that began as a framework to inform have become instruments to obscure. And in losing sight of our north star of materiality, we have drifted from what a reasonable investor would consider important to what a regulator might find interesting.

So, it should come as little surprise that our – as our disclosure burden expanded the number of our public companies diminished. Shortly after I left the SEC as a staff member in 1994, more than 7,800 companies were listed on the U.S. exchanges. When I returned as chairman a year ago, that number had fallen by roughly 40 percent. And that's a striking convergence with the nearly 40 percent of Americans who today have absolutely no exposure to U.S. equities – no stake in the companies that they help to build, little share in the wealth that they help to create.

More than a corporate milestone, I believe that every IPO is also an invitation for workers and savers to participate in the prosperity of the next generation of American enterprise. When fewer companies extend that invitation, fewer Americans receive it. So, I've – as I've indicated on several occasions, we are working to reverse this precipitous decline in the number of public companies.

A central objective for this goal is to rationalize the disclosure requirements by delivering the minimum dose of regulation, again with materiality as our north star. Further, as a disclosure agency and not a merit regulator, the SEC should not use its rules to indirectly regulate matters or put its thumb on the scale for issues that should be left to the states, including, for example, corporate governance.

Looking ahead, I'm eager for the Commission to propose rules that execute my Make IPOs Great Again agenda. For proposals in the near term, I've instructed the Commission staff to evaluate the following ideas: First, adopting a regulatory IPO on-ramp that supplements the concept that Congress designed in the JOBS Act. Second, expanding the existing accommodations that are currently available only for emerging and smaller companies to more businesses in our public markets. Third, providing nearly all public companies with an easier path to shelf regulation, which allows them to access the public markets quickly and when

market conditions are ideal. And finally, giving companies the optionality for a quarterly or semiannual regulatory filing cadence.

Of course, as we return the SEC to a posture of getting out of the way when we should, we are stepping in decisively where we must. In my first year as chairman, we have recentered our enforcement program to focus on fraud and to bring actions that actually address investor harm and strengthen market integrity instead of inflating numbers to chase media headlines. This course correction also rests on our renewed emphasis on holding individual wrongdoers accountable, which promotes stronger deterrence and better safeguards, ultimately, for investors.

Now, the strides that I have described this morning, substantial as they are, are by no means exhaustive, nor are they complete. Indeed, the progress that we are making across every dimension of our mandate amounts to an initial dividend of an SEC that has regained its footing and is moving forward with equal parts rigor and restraint. By rejecting the institutional drift that the previous administration had normalized, I am pleased to report that we are recalibrating the agency in line with its statutory mission. An aggressive rulemaking agenda in the coming year, meanwhile, will build on the work that we have begun at an auspicious moment.

Indeed, with the approach of America's 250th anniversary, I believe that our capital markets must continue to reflect our national character. They must continue to lead the world in their depth, in their dynamism, and in their capacity to translate ingenuity into prosperity. That's the promise that our markets have long represented. And now, in this new era at the SEC, that's the promise that I'm confident that they will continue to keep.

So, thank you all very much for your time and attention today. You've been a patient and indulgent audience. And, David, I now look forward to discussing this progress with you in greater detail. So, thank you very much. [Applause.]

MR. RUBENSTEIN: So thank you very much for your remarks.

You've been a staff person at the SEC, you've been a commissioner of the SEC, and now you're chairman. Which is the more enjoyable position? [Laughter.]

MR. ATKINS: That's right. Well, in one you're told what to do. That's the first, right? In the second, you have kind of an influence as one of five commissioners. But now it is most enjoyable to be able to, you know, work with a really competent and energetic staff at the agency as a whole that are leaning into these reforms that I'm talking about, and then to bring on great people from the outside to help us do that.

MR. RUBENSTEIN: So, the SEC from the beginning, has had five commissioners. You think it's a good thing to have five? Usually three from the majority party, the president's party, and two were are from the other party. Why not just have one commissioner and let that person run the whole thing without all the other commissioners? And can you get anything you want out of the Commission?

MR. ATKINS: [Laughs.] Well, that's a great two-part question, or multipart. So, first of all, you know, I do – it's an odd construct to have five people collaborating there together, and hopefully collaborating. And at times in history it's not been so collaborative. But, you know, and I really enjoy having a good discussion. And I've seen it in the past – you know, the past 30 years, you know, where there's been really differences of opinion, but everybody going in the same direction. So, I'm happy to take whomever the president and the Senate send my way.

But right now, we have a really great group. There are three of us left. One commissioner termed out at the end of last year. But it's really great. Mark Uyeda and Hester Peirce were my counsel when I was a commissioner. So, it's really great to be able to work closely with them.

MR. RUBENSTEIN: So, in the Supreme Court they often have five to four decisions. Are your decisions frequently three to two, or do you get unanimous decisions most of the time?

MR. ATKINS: Well, actually, you know, it's really – it's not publicized much, because a lot of votes are internal – but, you know, throughout the course of history, I mean, most votes are pretty unanimous. I've seen that over, you know, my time – my three times at the SEC. Now, you know, the three of us are in sync, but, I mean, we have differences of opinion at the margin. And – but it's all a very good, healthy discussion.

MR. RUBENSTEIN: President Trump said at one point he thought maybe it'd be good idea if you didn't have quarterly reporting of publicly traded companies. Has the SEC thought about that? And is it unlikely that's going to happen, or is it likely will happen?

MR. ATKINS: Well, so that's a great discussion. I mean, people have talked about it over the years. You know, we haven't had quarterly reporting for that long. I mean, certainly for most of – many of us in this room during our lifetime. It started in 1970. And so, it's the SEC started, as you noted earlier in your discussion, first it started in 1934. At the time it basically adopted the New York Stock Exchange's rule book, and that had annual reporting. In 1955, the SEC changed it to semiannual. And then in 1970, to quarterly. And interestingly enough, the U.K. went along with us, but then in 2014 they went back to semiannual, although they allowed companies who wanted to do quarterly to continue.

And so, you know, we have now actually on the New York Stock Exchange and NASDAQ and elsewhere companies, foreign companies, that are listed and reporting semiannually. So why not? Why not have a discussion about this now, at this time? And so it's – we have a proposal ready to go. It's with OIRA[2] right now. And that's –

MR. RUBENSTEIN: And that would allow just semiannual?

MR. ATKINS: That will propose having, you know, the possibility of doing a semiannual reporting. And so, when you look at it, I mean, I hear, especially from biotech companies, where not much changes, you know, as they're waiting for FDA approval for their products. But for

[2] The Office of Information and Regulatory Affairs (OIRA) is a statutory sub-agency within the Office of Management and Budget (OMB).

them, you know, they advocate that quarterly reporting doesn't really – creates costs and whatnot internally, but since they don't really change much over time, you know, that doesn't really necessarily fit with them.

On the other hand, I've had people, including a CEO of a very large trading firm, advocate that – he said, well, you know, I get monthly reports. And so maybe we should have monthly reporting. I don't think that people – many people – [laughs] – would enjoy that. And I said back to him, well, I'm sure you get daily reports too for your positions at the end of the day. I doubt you want that. But so, I think it should really depend – I'm agnostic on this whole issue – but I think for companies to try to seek the best costs of capital, it will depend, I believe, on what investors you want and –

MR. RUBENSTEIN: So, you expect to have a Commission vote on whether you should go to –

MR. ATKINS: I expect that we'll seek comments on this. And so I look forward to reading the comments. And then we'll see how we sort it out at the end.

MR. RUBENSTEIN: So, the SEC charges various fees to people to get their services, to companies. Did the fees pay for the SEC? Or do you still need appropriated funds from Congress to operate?

MR. ATKINS: Well, as you see in your brokerage statements, if you get any, your broker usually puts "SEC fee" on the line. It's called Section 31 of the Securities Exchange Act. And that is basically like a transaction tax, you know, that's put on – a very small one – on transactions that are done on, you know, in the market. So, that's an offset against our budget. And so – but we are appropriated. It's appropriated funds. We have to go before both houses of Congress to justify our budget, it's on budget as the president proposes. So, anyway, but it does offset it.

MR. RUBENSTEIN: OK. So, who gives you more advice and better advice, Congress or the administration? [Laughter.]

MR. ATKINS: I have to be agnostic on that one too, right? Otherwise, I'm in trouble. [Laughter.] I'm happy to take comment from all and sundry. And especially from you all. And please comment on rule proposals that we're coming out with.

MR. RUBENSTEIN: OK. So today how many employees does the SEC actually have?

MR. ATKINS: We're about at 4,000, give or take. And so that's down about 20 percent from Inauguration Day. And there were a couple of – before I became chairman, there were a couple of voluntary retirements.

MR. RUBENSTEIN: And the least highly compensated people at the SEC are the commissioners?

MR. ATKINS: [Laughs.] Well, we're somewhere in the middle. So – but, or maybe a lower middle. But, yeah. I mean, we're – we are in line with the bank regulatory agencies. So, we're not on the normal general services civil servant scale. But the highest salaries are $300-plus.

MR. RUBENSTEIN: The commissioners?

MR. ATKINS: Not the commissioners. No, we're – so I'm tied to senators. The commissioners are tied to congressmen. So, it's $170-ish. It's hardly – whatever, I – but anyway. [Laughter.]

MR. RUBENSTEIN: So does the – there's the there's been legislation debated in Congress for many years about members of Congress not being able to trade securities, and also sometimes that legislation has included members the administration, White House staff. Does the SEC have a position on whether members of Congress or members of the administration should have some kind of insider trading prohibitions? Or that's not what you're – in your purview?

MR. ATKINS: Well, the administration – so in the executive branch, we do have strict rules. So, for example, I had to divest myself of most of my assets and put them in sort of general index types of investments. And then – but Congress is different. There was a STOCK Act adopted a few years ago that, you know, requires reporting and in some prohibitions. And you heard in the State of the Union the president challenging Congress to come up with a different standard regarding their assets. So, I – again, that's up to Congress to figure out how to police themselves. But, obviously, we are – you know, enforce the law as it's written, and take that very seriously against manipulation of the marketplace, and inside trading, and whatnot.

MR. RUBENSTEIN: OK. So, when somebody wants to go public, and you want more companies to go public, what is the typical process? How long does it take from the time that somebody files something with the SEC and says we want to go public, till you actually get approval from the SEC? Is that a six-month process, or more – longer than that? Or how long does it normally take?

MR. ATKINS: Well, it depends. In the last administration, for digital asset companies or even anyone connected in that sort of sphere, ecosystem, it could take – it was like Waiting for Godot, frankly. I mean, it would never come. You know, you would get a series of ever-diminishing, meaningful – less and less meaningful comments from the staff. It was clearly – they were clearly being instructed to just dither and play it out. That's done. We don't do that anymore. We're embracing, you know, anyone who comes forward. Obviously want to give – the staff gives meaningful comment to improve disclosure. But we're not a merit regulator. We're not picking and choosing among people who should come into the marketplace, as long, obviously, as they're a legal institution, or whatever.

But, anyway, so it depends. I mean, so if you are already, you know, a company that's listed, I mean, can be very quick. We have a shelf registration process that I alluded to, so you can go to market with a new offering very quickly. Those are really, usually seasoned, well-known issuers. But so, for S-1 – we call it, the form S-1 filing – that can sometimes go through several rounds of comments from the staff. So, it could take months to do. So, we're trying to streamline this and make it able for people to go to market more quickly, hit the market. It's

really crucial with an IPO, especially these days with swiftly changing markets, to be able to, you know, hit that mark.

MR. RUBENSTEIN: So, the mother of all IPOs is supposed to occur maybe this year, when a company called SpaceX, I guess, is going to be filing. Is that going to take many months to get through your process? Or is that going to be sped right through? And is that pretty easy to do, or?

MR. ATKINS: Well, you know, these days – and I can't comment on any specific one – but these days we allow a prefiling. And there are discussions even before a company actually formally files its registration statements. So, you know, so often that goes on. But I – you know, there's talk that that will come this year. But, you know, what's interesting is that, again, the way the growth of – as you well know, the growth of money and the private markets, has – and the inhibitions, basically because of costs, of going – of disclosure, litigation issues, and then the weaponization of corporate governance, people have tended to just stay in the private markets rather than go public.

So, when I started out as a young lawyer in New York back in the mid-'80s doing IPOs, you know, what's now, a B round in private markets would be an IPO back then. And so, Apple, Microsoft, and all those in the late '70s and into the '80s, you know, really needed to go public in order to get capital to build their plants and products and everything else. Now, you know, the C – after C, D rounds and whatnot, companies are looking for liquidity often for their employees. So, they – you know, so there's a ready market and better evaluations for the stock. So, what we're trying to do is to figure out what are the pain points for people for going public and trying to encourage companies to go public soon.

MR. RUBENSTEIN: Like a company like Stripe, which has been around for more than 10 years, very successful company, doesn't seem to have any interest in going public because they have enough capital to, I guess, let shareholder – let their existing employees sell their shares. Do you care whether a company like Stripe goes public or not? Or it doesn't make that much difference to you?

MR. ATKINS: Well, you know, each company will have its own issues to deal with, and proclivities there. So that's fine. But I think overall I think there's a big value of – from a democratization perspective of our markets, you know, the people feeling like they're involved and have a vested interest – invested interest in the economy growing, and, you know, being diversified in the marketplace. So think to have half the number of companies, more or less, than we had 30 years ago, now with half of the world's equity market valuation fully – and we're growing still, as other countries and investors see the opportunities here in America versus elsewhere – you know, I think – you know, it really behooves us to try to see why has the number of public companies declined.

MR. RUBENSTEIN: Are there SEC equivalents in other countries that you think do a very good job? And would you see them as the role model, because they get companies go public quickly and efficiently? Or is the U.S. still, in your view, the best role model, even though it's not perfect?

MR. ATKINS: No, I think the U.S. is still the best role model. And I think if you go around the world and ask, you know, which marketplace is the best, that you'll get, hands down, the U.S. And other markets are not so liquid. You know, there are all sorts of other issues that, you know, influence how they operate. They have transaction taxes that are – you know, have cut down on liquidity and whatnot. So, I think the openness of our markets, the dynamism of them, the amount of capital that they attract, is – you know, now that we have – I'm really – it's growing now. It's from 30 percent of world capitalization a few years ago now to half. So, I think – and we see more companies coming here. Aegon is moving, for example, to the U.S. from the Netherlands, and others you can read about. I mean, I think it's really a sign that, you know, we have a lot of going for us here in the United States.

MR. RUBENSTEIN: So, it used to be the case that in SEC documents, disclosure documents, you needed to say what the impact of climate change might be on your company. Has that been – requirement been reduced a bit under your leadership, or not?

MR. ATKINS: Well, actually, the previous administration adopted a rule that was immediately put on hold. And it was a rule that the exception would have swallowed the entire thing. It would have dwarfed what the disclosure is right now just for normal operations. So that was a huge overreach. It got sued immediately by all, you know, different sorts of folks. Anyway, that's on hold and we'll be addressing that soon. But basically, what I stand by, and what the SEC's remit is, is to hold companies accountable to not have any misstatements or omissions as to material facts about their company. And that's the bedrock of the SEC disclosure system. Obviously, that proposal went way away from the whole idea of materiality.

But there was SEC guidance that came out in 2010 or so regarding climate change, because President Obama was about to go to Copenhagen, or whatever, and SEC wanted to get a statement out there. But anyway, but it reiterates that, you know, if something be material for a company that has to do with climate, you know, you have a big plant sitting on the San Andreas Fault – and that's not climate, but whatever – or susceptible in Japan to a tsunami or something like that, you need to disclose that, if it's material – a material threat to your company. So that remains. And that's the – you know, what needs to be disclosed.

MR. RUBENSTEIN: Now, today a lot of companies are being affected, adversely or positively, by AI. Some will benefit. Some may not benefit. Do you require now that companies in the disclosure statement say how AI will affect them?

MR. ATKINS: Well, so if – again, if it goes to being, you know, a material potential effect on the company, then, yes. Something like, for example, now there are a lot of software companies out there. And investors are scrutinizing, you know, will AI put them out of business? You know, whatever you think of that, but if the company sees that as a threat, you know, they should probably disclose it. But it depends on, you know, how they view it.

There is this one section. This, I think, gives an example of how the litigation issues and fears of not stating potential, you know, threats to the company have gone way out of kilter. It's called the risk factors section of the 10-K, the annual report. And, mea culpa here, I voted for it

back in – when I was a commissioner. But anyway, it's the first – it was meant to be the first section, item 1-A, of 10-K. You open up, and it's supposed to be what keeps management up at night. You know, what are the key risks to this company? And that would be kind of a summary for the rest of the 10-K.

So, 25 years on now, or whatever, it's now, on average, the longest single section of any 10-K. And we were thinking maybe two to three pages of bullet points. But things in there, like, well, if the government raises corporate income tax then your dividends may go down. Well, duh. I mean, so why does that need to be up front and center in a 10-K? So, we want to address that to try to give more, you know, guidance to people as to what real materiality is.

MR. RUBENSTEIN: Now, when you worked at the SEC as a staff person, and Arthur Levitt was the chairman, he was focused on having people write things in English that people could understand, right? Has there been any progress in recent years in actually that happening, or? [Laughter.]

MR. ATKINS: Well, maybe. Maybe there are less – there are fewer "heretofore," and "whereases," and things like that, that creep into legal writing. But, you know, I don't know. You can judge for yourself. You know, I think it was – Arthur had a very good idea to try to get things down to – you know, so that most people can understand. But, you know, just now the sheer volume. Lawyers by nature are risk averse, of course. And so here a few months ago, I was in Congress for back-to-back oversight hearings in the two houses of Congress. And so, I took with me the Entergy 10-K. And so, not to pick on them, but it's a complicated company. But 970-some-odd pages – like, two reams of paper – is the 10-K for Entergy. So, I have that big stack there.

And so – but that's more – as I was saying, here's – disclosure has become more a way to obscure rather than to inform. It's intimidating. No, you know, individual investor, and even professional ones, can tackle that alone. And the thing I hear over and over for the last decade or more from professional money managers of the biggest funds and whatnot is, please, please, please do something about the volume of information. We just – we can't separate the wheat from the chaff.

MR. RUBENSTEIN: One of the reasons so much information is put in these disclosure documents is that lawyers representing these companies want to have as much information out there so they can't be sued by the securities plaintiff's bar. Are you doing anything to kind of mitigate the impact of the plaintiff's bar on publicly traded companies? Or is that just something you can't really do?

MR. ATKINS: No, well, so actually near and dear to your heart was, back in 2013 – this is the latest example of it – a private equity firm that will remain nameless here – [laughter] –I know it was public, but anyway, Carlyle – went – [laughter] – public. And it had a bylaw that said that, you know, if you have a beef with management or the board or the company, then, you know, you need to go through mandatory arbitration and not through class action lawsuit. So, the SEC staff – and this was never a rule – the Commission said, nope. You know, you're not welcome here, that you need to remove that before you go public. And so, you know, when you hit the

market you can't sit there and dither and say to the staff, well, that's not a rule. You know, we want to live with it. Our state allows that. So, the SEC, with the backing of the then-chairman, said, nope, goodbye. You know, so Carlyle removed it. I see Mike Piwowar. He was, I think, a commissioner –

MR. RUBENSTEIN: So do you think we should refile that now, and it would be –

MR. ATKINS: [Laughs.] Yeah. You could. Well, actually, so in the last ten years, first Delaware reversed a Delaware Supreme Court decision regarding fee shifting, loser pays. And secondly, just last year, they made illegal mandatory arbitration for public companies with fiduciary issues between shareholders and the company. So, Delaware has now no – in statute – no fee shifting and no mandatory arbitration. There are other states that don't do that. So, you know, what the – what I've made clear publicly is that we are no longer standing by that unwritten, you know, just word of mouth staff position, where they thought that the Federal Arbitration Act was in conflict with the Securities Acts. That's wrong. And the Supreme Court has made that clear over the last several years. So, anyway, so a company can now move its domicile of where it's formally incorporated from a state disallows those two issues, it can move somewhere else that will allow that.

MR. RUBENSTEIN: Now, some companies – publicly traded companies – have shifted their state in which they incorporated recently, away from Delaware. Does the SEC care one way or the other about that? Whether somebody goes from Delaware to Texas? That's not within your purview? You don't care?

MR. ATKINS: That's up to the company and its shareholders. In many cases, some – it depends on, again, how the state of incorporation governs and the charter and bylaws govern the companies' decisions.

MR. RUBENSTEIN: Now, in the Supreme Court or other commissions sometimes the chairman will know how each vote is going to occur before you actually have the vote. So, are you allowed at the SEC to go to talk to other commissioners and ask them how they're going to vote on certain things? Or you're not allowed to do that?

MR. ATKINS: Well, we have active discussions, but there is a statute called the Government in the Sunshine Statute, that says that no – you can't have a quorum discussing policy. So, a quorum now, with our three-member Commission, is two. But back when Arthur Levitt was chairman, at one point were only two of them – Steve Wallman and Arthur Levitt – so they couldn't even talk about anything. [Laughs.] But now, luckily, we can do it in twos.

MR. RUBENSTEIN: Are you ever surprised how a vote occurs of the SEC – Commission when you have a vote, or you know?

MR. ATKINS: Well, sometimes. I mean, you know, if we – I mean, sometimes an issue will come up as the staff presents, say, an enforcement matter, or whatnot. Or maybe – whatever. I mean, it's oftentimes hard to, you know, predict. But, you know, we can talk it through and usually come out to consensus.

MR. RUBENSTEIN: OK. Recently, the Federal Reserve and the Treasury Department met with Anthropic to talk about a concern that the government has that one of their AI products would enable people to dig into people's financial information in maybe illegal ways, or inappropriate ways. There's a software program called, I think, Mythos. And is that a concern you have, that people might be able to get into the financial inner workings of a company through AI? Is that something you have to worry about, or not?

MR. ATKINS: Well, you know, there's always challenge regarding technological advancement. But, you know, that's sort of an arms race, I mean, one could say between – just like anything else – between people who want to keep something cordoned off and otherwise. So, I think people need to be mindful. I mean, cybersecurity is very important for the government, obviously, for private companies to protect their IP and personal information, and that sort of thing. So, there is always threats from advances in technology. So, we have to be cognizant of that.

MR. RUBENSTEIN: So, if somebody wants to engage in insider trading, what's the best way to keep the SEC from knowing about it? [Laughter.] I mean, you have pretty good computers, or how do you make sure that people aren't doing what they shouldn't be doing?

MR. ATKINS: So, I'm very impressed with the capabilities of the SEC staff, and the information at our call from the markets, as they provide the information otherwise. So a great story about – there was – there's these companies that advise public companies about their filings with SEC, which is called EDGAR. You know, our system for – a repository for registration statements and whatnot. So, these companies that advise smaller public companies usually get the filings a few days ahead, because they have to format them so that the EDGAR system will take them. So, there were two people from East Asia, from, you know, China, who were working for this company. And they were, you know, basically trading ahead of these – doing inside trading, you know, before these filings were made public there on EDGAR.

And we were able to see the anomalous trading pattern from the analysis that we have from, you know, the process that we undergo. And so they were able to identify these people and trace it back through a very circuitous way to, you know, accounts in Asia, and Singapore, and Hong Kong, or whatnot, and in the United States, and then pinpoint, you know, the people actually who were doing that. And then notified the Department of Justice and FBI. And so those – we intercepted some of their messages, and so were able to – the FBI nabbed them at JFK as they were about to board a plane for Hong Kong. So, they're being prosecuted for inside trading. So, there is an example of how, you know, we can use information in the marketplace to track these things.

MR. RUBENSTEIN: We discussed earlier, it was 1934 where the SEC was created. And they came up with a method that we have, you know, five commissioners and so forth. If you were in charge of drafting new legislation to create a new SEC, would you change anything? Or if you were in charge of redoing – restructuring the SEC, how might you change it, if you were in charge of it? Or you're happy with where it is now, the way it is?

MR. ATKINS: Well, you know, I've been used to it now. Three times the charm at the SEC. So, I'm used to that governance structure. You know, if you look at other agencies, like the Environmental Protection Agency, or, you know, the Food and Drug Administration, or whatnot, where you have one administrator, I mean, I think that works. You still have to go out for notice and comment rulemaking. But I kind of like the atmosphere of, you know, ideally, a collegial group of people with different ideas. You know, it takes a little bit longer to achieve things and move things forward, but I think, you know, ultimately, the work product is the better for it to build a consensus.

MR. RUBENSTEIN: Previous SEC chairmen and Commission, I guess I would say, were not big fans of digital currencies. I think it's an understatement to say that. So, their concern, I guess, would be that there's nothing underlying the digital. It's really – there's no – there's no gold backing it. There's no government guarantee backing it, as you have with dollar bills or something like that. What is it, your view, that now enables you to think that digital is OK? Because what is underlying the digital currencies or cryptocurrencies? Why do you think it's a good – it's a safe security for people to invest in or to buy?

MR. ATKINS: Well, I'm agnostic with respect to cryptocurrencies, or those sorts of assets. But what I am excited about is the distributed ledger technology, that's the blockchain that underlies all this. I think that's a huge advancement for transparency, for security, especially for financial services. You know, the prospect that people have been dreaming about for years, of T-zero – so immediate, you know, payment versus delivery, receipt versus payment, on chain, where in the future we may have to even build in speed bumps to prevent, you know, fat finger problems or whatnot.

But that prospect of derisking the marketplace, because every second that is a delay between a transaction and clearance and settlement enters risk into the system. So, I think that part is very exciting. As far as the various products go, you know, they'll come and go. But because – you know, we're even – we've approved tokenized money market mutual funds. Tokenized bank deposits will be coming here, you know, soon, I'm sure. We'll be, as I mentioned, having an innovation exemption that will help encourage people's – like, a sandbox to try things out to, you know, real time in the marketplace, in a cabined, controlled environment. That's for current, traditional financial firms and crypto-native firms.

MR. RUBENSTEIN: Why don't you require cryptocurrency companies to tell you who the creator of bitcoin is? [Laughter.] I mean, why don't they –

MR. ATKINS: It's Satoshi Nakamoto,[3] didn't you know that? [Laughter.] So, anyway, no, but – well, so, I mean, so yeah. Well, it would be interesting. Maybe –

MR. RUBENSTEIN: With all your resources couldn't the SEC figure out who actually came up with bitcoin?

[3] Satoshi Nakamoto is the name used by the presumed pseudonymous person or persons who developed bitcoin, authored the bitcoin white paper, and created and deployed bitcoin's original reference implementation. Nakamoto also devised the first blockchain database. Nakamoto's true identity is unknown.

MR. ATKINS: Well, or blockchain, really, is what, you know, his idea. And bitcoin was the particular, you know, asset there that was using the blockchain.

MR. RUBENSTEIN: But you're not going to come up with who the creator is?

MR. ATKINS: We'll see. Maybe we'll – maybe the fellow will step forward, or the group of people will step forward.

MR. RUBENSTEIN: So have you seen a difference between the first Trump administration the second Trump administration in terms of the White House consulting with or talking to the SEC? Or they basically leave you alone?

MR. ATKINS: Well, so we collaborate, of course, with all parts of the administration. And we need to. It's important. So, the Financial Stability Oversight Council is just one example of that, much as that needs to be reformed. But, anyway, you know, as far as, like, the White House, for example, we send our proposed rules to what's called OIRA, the Office of Information and Regulatory Affairs, as part of OMB. So, we get input that way. We have meetings in the President's Working Group on Financial Markets.

MR. RUBENSTEIN: So, let's talk about your background for a moment. Why did you go into securities law? Or why do you want to do this kind of job? And what is it that was so appealing to you about being in the securities world?

MR. ATKINS: Well, I just – you know, from a young boy I still remember my father going through, you know, his proxy statements, and reports, and things like that. And that was interesting. And so, my friends and I, you know, were young investors. I remember we lost a lot of money on American Motors. Buy at the top. Buy low, sell high is the best way to do things. So anyway, don't – well, whatever. I won't go on. But anyway, but, you know, coming out of law school I was interested in the financial markets. And went to New York, and it was just a – it was a great time there, in the mid-'80s to –

MR. RUBENSTEIN: So, when you're the chairman of the SEC, can you buy any stocks? Or can you just – I just can't buy anything? You just – what do you do?

MR. ATKINS: It's very restricted. And, you know, one can buy stock. But I am just sticking to basically index funds right now that are, you know, widely held and that are approved by the Office of Government and Ethics. So, we have a really great ethics counsel, designated ethics officer at the SEC, who's doing a wonderful job.

MR. RUBENSTEIN: So, what do you do on the outside? Do you have hobbies? Are you an exerciser? Are you are a jogger, you're a tennis player? What do you do for relaxation?

MR. ATKINS: Well, I try to swim every day and try to do a mile, if I can – have time for that. And so that is a good stress reliever. Just count the laps and –

MR. RUBENSTEIN: You run a mile every day, or swim?

MR. ATKINS: Swim.

MR. RUBENSTEIN: Swim, right.

MR. ATKINS: And then –

MR. RUBENSTEIN: I try to drive a mile every day. [Laughter.] One mile a day.

MR. ATKINS: That may be the best for the joints.

MR. RUBENSTEIN: Swim a day, a mile. And were you an athlete in college? Were you a were you a superstar athlete?

MR. ATKINS: No, I was – well, I mean, whatever, I was on our fencing club at college. But was more a nerd. I was –

MR. RUBENSTEIN: Has that come in handy? Has fencing come in handy in your current job?

MR. ATKINS: Yeah, how about that, fend people off, that's right. [Laughter.] But I did foil, not saber. But that was probably more useful to fend them off.

MR. RUBENSTEIN: So why would you recommend to somebody that they want to work at the SEC? I mean, you have a lot of lawyers there, I assume, and a lot of people. What's so great about working at the SEC? It's not that highly paid, and –

MR. ATKINS: Well, the staff gets pretty well paid. So, anyway. But I think –

MR. RUBENSTEIN: Not compared to the private sector, probably.

MR. ATKINS: Well, that's true. That's true.

MR. RUBENSTEIN: So why do people want to work at the SEC? And the average person there, they stay five years, 10 years? Or is it a career for a lot of them now?

MR. ATKINS: We have one fellow who's there almost 50. Not quite, but closing in on that. But anyway, but that's the – that's unusual. And he so – anyway, he has lots of great stories to tell about his time at the SEC. But we – I think it's a great place to work, at least, you know, for people, especially young folks, who want to learn about the markets and see things from, you know, the regulatory perspective. But, anyway, we touch on a lot of parts, obviously, of the financial system. And it's –

MR. RUBENSTEIN: All right. So, you were confirmed for a full term. Full term is five years, I think it is.

MR. ATKINS: Yes.

MR. RUBENSTEIN: So, do you intend to stay your entire five years?

MR. ATKINS: Well, so I'm – well, actually it was six years, basically, because I got a stub term, and then they –

MR. RUBENSTEIN: OK. So, are you going to say your entire six years?

MR. ATKINS: Well, so Arthur Levitt stayed for almost eight.

MR. RUBENSTEIN: Ten years? Oh, eight.

MR. ATKINS: Almost. And so, you know, that was under two presidents – under one president, sorry, but two terms, the Clinton administration. So, we'll see how things go. But I am committed to staying my term. But, you know, if there's a change and the president wants me to leave, I'm happy to leave. Or if it's –

MR. RUBENSTEIN: Does he call you very much with ideas, or not that much?

MR. ATKINS: Well, so we have touch points every once in a while. But he tends to communicate through, you know, electronic means, which is just a way of simplifying. [Laughs.] You know, whatever is the best. But, for example, you he posted a thing about semiannual reporting, but not just saying the SEC – he just basically said the SEC should look at it. And as I mentioned before, we were already looking at it for – as part of making IPOs great again. So, happy to have his input, as always. [Laughter.]

MR. RUBENSTEIN: Based on what you said earlier in your remarks, and now, what would you say the most important message you want to convey is today, to people in the United States, people in this audience? The most important message about the SEC is, what?

MR. ATKINS: Well, so to that – you can rely on us to oversee the markets in a robust way. But also, you know, if you have ideas about, like, especially how can we attract more companies into our public markets, I think that's a crucial goal for us. Because, just remember, America was an investment before it was a nation. That, you know, when it started from North Carolina, the Roanoke Colony, which didn't do so well, was an investment from a public company in the U.K. The same with the Virginia Company, and others. When New Amsterdam was founded by the Dutch, public company, again. So that's the American ethos. And so capital markets are crucial to the United States. They're our real strength. And we have the best capital markets, most robust ones in the world. And so we need to husband that and build on it. And I think the more participation in that by companies and by our citizenry, I think is really crucial.

MR. RUBENSTEIN: So, when you go to a cocktail party in Washington, do people come up to you ask for tips or anything?

MR. ATKINS: [Laughs.] They ought not to, but especially now that I'm – I can't really invest. But, anyway, I encourage them to, you know, learn as much as possible. If we can trim down

our disclosure to make it much more approachable by people, I think that would be great. So that's our goal, to get it back to what's financially material. So, anyway, but I – but I think it's very, very important for people to be invested in the marketplace. The other countries in the world – Japan, U.K., Europe – they all talk to me about, how can we make our markets like yours? How can we build an investor culture? We don't have that. We have a risk averse culture that just wants to put money in the bank and rely on government pension funds. In the United States, you have a robust market that really is, you know, powered by individuals. You can't build this from the top down. You have to – it has to come bottom up. That's our secret sauce here in the U.S. And we need to really encourage that.

MR. RUBENSTEIN: To summarize, what you said in your prepared remarks was that you wanted to make IPOs great again. So how will you measure that? Whether more and more IPOs are filed? Is that how you measure whether IPOs are going to be doing well, whether more and more are filed? Or how will you measure success?

MR. ATKINS: Well, that's a good question. I think that's one metric, of course. But also, you know, if we can – if we can at least reverse the decline, and then lay the groundwork so that it becomes cool again to be a public company. Where, you know, people are not afraid of whatever it is that are the big inhibitors. And I think, as I mentioned before, it's the cost of not only doing the disclosure, but the apparatus around it, the litigation inhibitions, and then also corporate governance. Plus, if we can build up more research following for public companies, especially the small ones have trouble getting research analysts to follow them. It's a big ecosystem, but here over the next few years I think if we change, you know, the direction and get it back going, I think we'll be all right.

MR. RUBENSTEIN: The final question for you. You are the 34th SEC chairman. Thirty-three people had this job before you. Is there one of them that you would cite as a role model, as somebody you would say this person did a great job?

MR. ATKINS: Well, I think two. I'll do two, because the two that I worked for, Richard Breeden and Arthur Levitt. I think they were two different type of people, but each one hits the mark there. Richard was one of the first that focused on trying to help small businesses along, to encourage them to be public companies. And that was a time when there was a lot of change, with the Soviet Union collapsing – having collapsed. And then Arthur was forward thinking on innovation and technology, alternative trading systems. We called them electronic communications networks back then. That was a huge sea change in the financial markets. And that laid the groundwork for the markets that we have today. So those two, I thought –

MR. RUBENSTEIN: Well, God looks favorably upon good SEC chairs because he lets them live a long time. Arthur Levitt's 94 years old, I think, or 95.

MR. ATKINS: Yes, happy birthday to him, just a few weeks ago.

MR. RUBENSTEIN: All right. Thank you very much for your conversation.

MR. ATKINS: Well, thank you, David. Thank you very much. [Applause.] Thanks.

The Honorable Paul S. Atkins
Chairman
Securities and Exchange Commission

Paul S. Atkins was sworn into office as the 34th Chairman of the Securities and Exchange Commission on April 21, 2025, after being nominated by President Donald J. Trump on January 20, 2025, and confirmed by the U.S. Senate on April 9, 2025.

Prior to returning to the SEC, Chairman Atkins was most recently chief executive of Patomak Global Partners, a company he founded in 2009. Chairman Atkins helped lead efforts to develop best practices for the digital asset sector. He served as an independent director and non-executive chairman of the board of BATS Global Markets, Inc. from 2012 to 2015.

Chairman Atkins was appointed by President George W. Bush to serve as a Commissioner of the SEC from 2002 to 2008. During his tenure, he advocated for transparency, consistency, and the use of cost-benefit analysis at the agency. Chairman Atkins also represented the SEC at meetings of the President's Working Group on Financial Markets and the U.S.-EU Transatlantic Economic Council. From 2009 to 2010, he was appointed a member of the Congressional Oversight Panel for the Troubled Asset Relief Program.

Before serving as an SEC Commissioner, Chairman Atkins was a consultant on securities and investment management industry matters, especially regarding issues of strategy, regulatory compliance, risk management, new product development, and organizational control.

From 1990 to 1994, Chairman Atkins served on the staff of two chairmen of the SEC, Richard C. Breeden and Arthur Levitt, ultimately as chief of staff and counselor, respectively. He received the SEC's 1992 Law and Policy Award for work regarding corporate governance matters.

Chairman Atkins began his career as a lawyer in New York, focusing on a wide range of corporate transactions for U.S. and foreign clients, including public and private securities offerings and mergers and acquisitions. He was resident for 2½ years in his firm's Paris office and admitted as conseil juridique in France.

A member of the New York and Florida bars, Chairman Atkins received his J.D. from Vanderbilt University School of Law in 1983 and was Senior Student Writing Editor of the Vanderbilt Law Review. He received his A.B., Phi Beta Kappa, from Wofford College in 1980.

Originally from Lillington, North Carolina, Chairman Atkins grew up in Tampa, Florida. He and his wife Sarah have three sons.