

Testimony of Paul S. Atkins
Chairman, United States Securities and Exchange Commission
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Appropriations Subcommittee on Financial Services and General Government
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Chairman Hagerty, Ranking Member Reed, and members of the Subcommittee. Thank you for inviting me to testify today.¹

I am grateful for the opportunity to discuss the Securities and Exchange Commission, including our important mission on behalf of our fellow citizens, investors, and taxpayers. I also appreciate the opportunity as well to speak to some of my priorities as Chairman.

On April 22, I was sworn in by Secretary of the Treasury Scott Bessent in the Oval Office with President Donald Trump; my family was by my side. I am honored by the trust and confidence that the President and the Senate placed in me to lead the SEC.

I have returned to the SEC where I was a Commissioner from 2002 to 2008. In that time, I advocated for greater transparency at the agency and emphasized robust cost-benefit analysis when considering new regulations. I also previously served on the staff of two SEC chairmen—Richard Breeden, appointed by President George H.W. Bush, and Arthur Levitt, appointed by President Bill Clinton.

With my fellow Commissioners, Congress, and SEC staff, I look forward to working to ensure that the United States is well-positioned to seize on the new excitement for investment and economic opportunity that President Trump’s leadership and pro-growth policies have inspired.

SEC Mission

First and foremost, it *is* a new day at the SEC. I am determined that we return to our core mission that Congress set for us more than 90 years ago.

The SEC’s three-part mission was enunciated by Congress in the Exchange Act: protecting investors; facilitating capital formation; and maintaining fair, orderly, and efficient markets.

Investor protection is vital to our mission—holding accountable those who lie, cheat, and steal. The SEC will remain vigilant in our important role to ensure that investors have confidence to participate in the markets.

Capital formation is also at the root of what we do—fostering a direct, economical route for investors’ capital to find its way to entrepreneurs and industry to create products and services. This engine of growth employs people, helping them to work and save to achieve their dreams.

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

The third core part of our mission is maintaining fair, orderly, and efficient markets. Congress calls on the Commission to ensure that our regulations balance costs and benefits, that they do not become too burdensome by adding needless friction to the marketplace, undermining the capital formation that yields so much benefit.

During my tenure as Chairman, the SEC will not stray from this core three-part mission.

My time in public service and the private sector, both earlier in my career and more recently, has allowed me to see firsthand how regulations affect markets and investors. They can stoke innovation, facilitate investment goals, and create opportunities—or burdens—on businesses’ ability to compete and serve their customers.

How we implement regulations at the SEC is crucial; it is one thing to write a regulation, quite another for it to achieve its intended goal. Regulation should be smart, effective, and appropriately tailored within the confines of our statutory authority.

It takes market experience and focused application to ensure that customers and investors of financial services firms benefit from efficient, effective, and well-designed regulation. Our goal at the SEC must be to facilitate those efforts, analyze their effectiveness, and use our enforcement power to cure and rectify wayward actions.

In short, clear rules of the road benefit all market participants.

The SEC is returning rulemaking to regular order. Our comment periods will not be artificially short, and the public will have ample time to provide feedback. The SEC will also be sure to take into consideration how rules overlap and how regulatory burdens build, in keeping with our obligation to consider their costs and benefits. The SEC also looks forward to working with the Office of Information and Regulatory Affairs on our rulemaking.

I am grateful to Commissioner Mark Uyeda for his stewardship of the agency as acting Chairman of the SEC from January to April, a very productive three months.

During this transition, he brought clarity to some urgent policy issues that we faced in the courts and some organizational issues as the new Administration came into office.

He established the Crypto Task Force together with Commissioner Hester Pierce, which has worked with staff to provide necessary guidance to the industry. He normalized the agency’s stance regarding materiality of disclosure requirements to comply with Supreme Court rulings and backed agency actions to extend certain compliance dates and remove personally identifiable information (PII) from the Consolidated Audit Trail (CAT).

As we look ahead, I am confident in the direction of our work. My experience over the decades will naturally inform my approach as Chairman.

The Commission will focus on providing meaningful pathways for entrepreneurs to obtain the capital that they need to execute their innovative ideas and grow their companies in both the

private and public markets. At the same time, investors that provide such capital must be able to continue to depend on effective enforcement against fraudulent activities.

Fiscal Year 2026 Budget Request

On May 30, I submitted to Congress the agency's fiscal year (FY) 2026 budget request.² I am pleased to support President Trump's request of \$2.149 billion for SEC operations. This request reflects the focus on returning to the core mission that Congress set for the agency as well as the resource needs for the Crypto Task Force. This budget level is flat as compared to both the FY 2025 and FY 2024 enacted funding levels.

The budget request contemplates approximately 4,100 full-time equivalents (FTEs), which is a net reduction of 447 FTEs compared to the FY 2025 level due to attrition following early retirement and buy-out offers in calendar 2025. At this lower FTE level, the budget request actually is approximately \$100 million more than the amount that would be required to maintain our current state of operations. There is some uncertainty regarding the FY 2026 budget, including the potential transfer of the functions of the Public Company Accounting Oversight Board (PCAOB) into the SEC.³ If Congress approves this budget request, we anticipate that this funding could support such a transfer of the PCAOB functions into the SEC in FY 2026.

SEC Fees

The SEC's funding is deficit neutral, as by law any amount appropriated to the agency will be offset by fees on securities transactions under Section 31 of the Securities Exchange Act of 1934 (Exchange Act).

On April 8, 2025, the SEC announced that starting on May 14, 2025, the fee rates applicable to most covered sales would be set at \$0 per million in securities transactions.⁴ The Commission determined this new rate in accordance with the Exchange Act.

The Commission collected its entire FY 2025 appropriation before the new fee rate of \$0 per million became effective on May 14. The prior fee rate was \$27.80 per million. The Commission is required to set the fee rate to a level that generates fees equal to the Commission's appropriated amount, so no further collections for fiscal year 2025 are required.

The Commission will continue to keep this committee, and the public, informed of developments relating to fees on the SEC website.

² See Securities and Exchange Commission, "Fiscal Year 2026 Congressional Budget Justification and Annual Performance Plan, Fiscal Year 2024 Annual Performance Report" (May 30, 2025), *available at* <https://www.sec.gov/about/reports-publications/secfy26congbudgjust>

³ See Congress.gov, "One Big Beautiful Bill Act," Section 50002, *available at* <https://www.congress.gov/bill/119th-congress/house-bill/1/text>

⁴ See Securities and Exchange Commission, "Section 31 Transaction Fee Rate Advisory for Fiscal Year 2024" (April 8, 2025), *available at* <https://www.sec.gov/rules-regulations/fee-rate-advisories/2025-2>

SEC Staff Numbers

The SEC's Offices and Divisions have decreased headcount by 15% since the beginning of the current fiscal year. Many of our colleagues at the SEC elected to take advantage of the Administration's Fork in the Road, Voluntary Early Retirement Authority (VERA), or Voluntary Separation Incentive Payments (VSIP). Some left to pursue other opportunities. These departures leave vacancies that in many cases need to be filled. When I left the agency in 2008, we had approximately 3,600 employees. At our height a year ago, we had approximately 5,000 employees plus 2,000 contractors. Today we are at approximately 4,200 employees and 1,700 contractors.

Digital Assets

From 2017 until my nomination, I worked to help develop best practices for the digital assets industry and saw firsthand how ambiguous or nonexistent regulations in this space created uncertainty and inhibited innovation. That lack of regulatory framework also invites fraud.

A key priority of my Chairmanship will be to develop a rational regulatory framework for crypto asset markets that establishes clear rules of the road for the issuance, custody, and trading of crypto assets while continuing to discourage bad actors from violating the law. Clear rules of the road are necessary for investor protection against fraud—not the least to help them identify scams that do not comport with the law.

Policymaking will be done through notice and comment rulemaking not through regulation-by-enforcement. The Commission will utilize its existing authorities to set fit-for-purpose standards for market participants. The Commission's enforcement approach will return to Congress' original intent, which is to police violations of these established obligations, particularly as they relate to fraud and manipulation.

This undertaking requires coordination across multiple offices and divisions within the Commission, which is why I am pleased that Commissioner Uyeda and Commissioner Hester Peirce have worked together to establish the Crypto Task Force. For too long, the Commission has been hindered by policymaking silos. The Crypto Task Force exemplifies how our policy divisions can come together to expeditiously provide long-needed clarity and certainty to the American public.

I am confident that Commissioner Peirce, known for her principled and tireless advocacy for common-sense policy, is the right person to lead the Crypto Task Force's effort to come up with a rational regulatory framework for crypto asset markets.

The task force has held four roundtables so far on further defining security status, tailoring regulation for crypto trading, custody considerations, and tokenization. I look forward to the input from industry and additional public feedback during the next roundtable on decentralized finance.

This is important work. Entrepreneurs across the United States and around the world are harnessing blockchain technology to modernize aspects of our financial system. I anticipate

benefits from this market innovation for efficiency, cost reduction, transparency, and risk mitigation.

SEC Commissioner Roles

In addition to Commissioner Peirce's continued leadership of the Crypto Task Force, I have asked Commissioner Uyeda to be our "ambassador" to the International Organization of Securities Commissions (IOSCO). Commissioner Caroline Crenshaw has agreed to take on the SEC's administrative law proceedings framework and the procedures in adjudications used by our administrative law judges in light of Supreme Court rulings that oblige us to rethink and reform this area.

Reorganization

Under Acting Chairman Uyeda, the reporting lines in the Divisions of Enforcement and Examinations were realigned to better reflect each Division's national programs to improve efficiency, management, and oversight of the Divisions. There will be targeted, common-sense reorganizations to come at the SEC. To start, I am seeking approval from Congress to disband what is known as agency's Strategic Hub for Innovation and Financial Technology (FinHub). Innovation should be ingrained into the culture SEC-wide and not limited to a relatively small office. Established in 2018, FinHub was created during a critical period of emerging technologies. The rapid development of distributed ledger technology, including digital assets, artificial intelligence, and machine learning, required a centralized effort to build understanding at the SEC. The principles and priorities under which it was established are being integrated into the very fabric of the SEC.

Technology Review and Optimizing Efficiency

We have begun a process to review our technology infrastructure and our contractual obligations. This review is long overdue—call it a spring cleaning and reassessment of contracts, especially regarding information technology.

We publicly announced last month that the Commission determined that certain masked data fields on publicly available reports on Form N-PORT submitted between Feb. 3, 2025, and May 8, 2025, were inadvertently made public on the SEC's EDGAR system. This was the result of a software update effective Feb. 3. The masking error has been corrected and did not affect Form N-PORT filings made after May 8, 2025.

This situation is not acceptable. I have directed the initiation of a comprehensive review of the EDGAR system to ensure for data integrity. We need to evaluate what we have, where our vulnerabilities are, and how we can shore up and improve our systems. We will work on optimizing our efficiency and eliminating redundancy.

SEC Regional Offices and Leasing

The SEC has 10 regional offices across the country. In late February, the General Services Administration (GSA) informed the SEC that it would terminate leases utilized by the SEC's Los Angeles Regional Office and the Philadelphia Regional Office. Discussions with the GSA and the landlords are ongoing, and I will keep this Committee apprised of those developments. In the meantime, the leases are in their "soft term" and are not terminated.

I firmly believe in the SEC's regional office concept. We cannot and should not have all of the SEC's staff in Washington and New York. Risk management, human resource development, and practicality for our examination teams –as one example – provide ample reinforcement for the need to maintain these offices.

Conclusion

As I said at the outset of this testimony, it *is* a new and brighter day for the SEC.

We will work with our colleagues in the Administration, especially other financial services regulators, and with Congress to bolster the economy and build on U.S. leadership of the global markets.

This is a pivotal moment for our economy. Entrepreneurs, businesses, and individuals here at home and across the globe are eager to invest in America.

This SEC will work to protect investors from fraud, keep politics out of how our securities laws and regulations are applied, and advance clear rules of the road that encourage investment in our economy to the benefit of all Americans.

This SEC will work to ensure that regulations promote capital formation rather than stifle it. We will work together to ensure American investors get disclosures that actually help them understand the true risks of an investment.

This SEC will make every effort to ensure that the U.S. is the best and most secure place in the world to invest and do business. Americans should always have utmost confidence when investing their hard-earned dollars to save and provide for their future and the future of their families.

Thank you.