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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

May 13, 2026

The Honorable Scott Bessent
Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Paul Atkins
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chairman Atkins and Secretary Bessent:

I write regarding your recent claims about the private credit market and your agencies' responsibility to protect our financial system. As recently as last month, Chairman Atkins described the private credit market as "not a systemic risk" to the financial system, though has recently acknowledged "emerging pressures" in the industry.¹ And according to recent reports, Secretary Bessent—after a year of only minimal engagement with the private credit market—is now holding a flurry of "monitoring" meetings to assess private credit risk. This raises significant questions about the Administration's approach, all the while your agencies remain united in advancing a deregulatory agenda that makes the financial system even more susceptible to a private-credit-induced financial crisis. To help [me] better understand the Trump Administration's actual position on private credit, [I] write to request information regarding the U.S. Treasury and the Securities and Exchange Commission's ("SEC" or "the Commission") efforts to address the growing risks of private credit markets.

Private credit has "emerged as one of the fastest-growing segments of nonbank financial intermediaries" over the last decade.² Private credit generally refers to "direct loans made to mid-market businesses typically by non-bank[s]...such as private debt funds and Business

¹ Financial Times, "Wall Street watchdog says private credit is 'not a systemic risk,'" Martin Arnold, April 13, 2026, <https://www.ft.com/content/9bde1fe8-059c-4c68-bf19-5ef7a36eab22?syn-25a6b1a6=1>; PoliticoPro, "SEC Watching 'Emerging Pressures' in Private Credit, Atkins says," Declan Harty, April 21, 2026, <https://subscriber.politicopro.com/article/2026/04/sec-watching-emerging-pressures-in-private-credit-atkins-says-00883018>.

² Federal Reserve, "Bank Lending to Private Credit: Size, Characteristics, and Financial Stability Implications," Jose Berrospide, Fang Cai, Siddhartha Lewis-Hayre, and Filip Zikes, May 23, 2025, <https://www.federalreserve.gov/econres/notes/feds-notes/bank-lending-to-private-credit-size-characteristics-and-financial-stability-implications-20250523.html>.

Development Companies,”³ to start-ups and other companies. Many of the loans made by private credit funds are to private-equity backed companies.⁴ By some estimates, private credit has grown to over \$2 trillion assets under management⁵ and is forecasted to double by 2030.⁶

Recent reporting indicates that there are cracks in the system. The high-profile default on its loans of software company Medallia,⁷ and collapses of auto industry companies Tricolor and First Brands with private credit debt, prompted “scrutiny into how exposed fund managers might be to troubled borrowers.”⁸ As private credit borrowers face a range of challenges, including potential exposure to software companies disrupted by AI⁹ and economic turbulence from the war in Iran,¹⁰ investors are “rush[ing] trying to pull their money from private-credit funds.”¹¹ In total, in the first quarter of 2026, investors “attempted to pull more than \$20bn from a litany of the largest...popular private credit investment vehicles.”¹² Some investors looking to exit, however, may not be permitted to redeem their shares if redemption requests have exceeded a 5% threshold.¹³ Others, if able to sell in the public markets, may find “a gulf has opened between what lenders say shares in their funds are worth (the [net asset value]) and what investors are willing to pay for them on the stock market (the share price).”¹⁴ A downturn in private credit could have broader implications for the stability of the financial system. According to the Federal Reserve, “[a]s private credit continues to grow, its increasing interconnectedness with other financial institutions—such as banks, insurance companies, and traditional asset managers—is reshaping the landscape of credit markets.”¹⁵ For example, according to the Financial Stability Oversight Council’s (FSOC) 2025 annual report, banks’ loan commitments to private credit funds totaled \$445 billion as of the second quarter of 2025.¹⁶

³ *Id.*

⁴ *Id.*

⁵ Financial Times, “Private Capital: What Are the Risks,” Antoine Gara, Eric Platt, Ortenca Aliaj, March 30, 2026, <https://www.ft.com/content/214371b3-aad0-405d-88f3-28b371f4c776?syn-25a6b1a6=1>.

⁶ CNN, “Private Credit is worrying Wall Street. Here’s how it might affect everyone else,” Allison Morrow, April 16, 2026, <https://www.cnn.com/2026/04/16/business/private-credit-consumers-nightcap>.

⁷ Wall Street Journal, “Two Big Loan Defaults Add to Pain in Private-Credit Funds,” Matt Wirz, Alexander Gladstone, April 24, 2026, <https://www.wsj.com/finance/investing/two-big-loan-defaults-add-to-pain-in-private-credit-funds-b179351c>.

⁸ Reuters, “First Brands, Tricolor collapses raise fears of credit stress, with Dimon warning of ‘more cockroaches,’” Nupur Anand, Tatiana Bautzer and Manya Saini, October 14, 2025, <https://www.reuters.com/business/first-brands-tricolor-collapses-invite-more-scrutiny-wall-street-sees-robust-2025-10-14/>.

⁹ Economist, “A guide to the private-credit crisis,” April 1, 2026, <https://www.economist.com/briefing/2026/04/01/a-guide-to-the-private-credit-crisis> (“During the past decade private equity funds have spent one in every three dollars buying technology firms, which means BDC loan portfolios are similarly exposed.”)

¹⁰ Punchbowl News, “Vault: Treasury quietly asks private credit firms for data,” Brendan Pedersen, April 15, 2026, <https://punchbowl.news/article/vault/treasury-credit-data/>.

¹¹ Wall Street Journal, “The Wealthy Investors That Powered Private Credit Are Rushing for the Exits,” AnnaMaria Andriotis, Peter Rudegear, April 2, 2026, <https://www.wsj.com/finance/investing/the-wealthy-investors-that-powered-private-credit-are-rushing-for-the-exits-7a3db81e>.

¹² Financial Times, “The \$20bn+ exodus from private credit,” Arash Massoudi et al., April 10, 2026, <https://www.ft.com/content/86b6581f-95c1-4843-83b1-7e0706092bf3?syn-25a6b1a6=1>.

¹³ *Supra* note 9.

¹⁴ *Id.*

¹⁵ *Supra* note 2.

¹⁶ Financial Stability Oversight Council, 2025 Annual Report, <https://home.treasury.gov/system/files/261/FSOC2025AnnualReport.pdf>, at 35.

In July 2025, I asked Secretary Bessent, in his capacity as Chair of the FSOC, to conduct research on the interconnectedness of the private credit market and develop a stress test¹⁷—similar to those conducted in other countries¹⁸—to assess our economy’s susceptibility to private-credit-induced market shocks. He did not do so. Over the course of his tenure as Treasury Secretary, Secretary Bessent has advanced President Trump’s Wall Street First agenda, undermining the resilience of the financial system in the face of these intensifying risks. He has coordinated deregulation across the banking agencies, including rules to reduce big bank capital requirements, weaken supervisory authorities, water down the annual stress testing framework, and more.¹⁹ In his capacity as Chair of the FSOC, Secretary Bessent has failed to use the tools at his disposal and, instead, has proposed scrapping FSOC’s most important shadow banking authority and has cut the OFR’s budget and staffing by more than 50%.²⁰

The SEC has similarly exacerbated the problem. The SEC has championed private credit products during Chair Atkins’s tenure. Working with the Department of Labor (DOL), the SEC is working to open Americans’ 401(k)s to private credit. On March 30, 2026, the DOL proposed a rule that would facilitate 401(k) plan fiduciaries offering alternative investments, including private credit, for retirement plans, including by providing a framework and safe harbor for selecting these types of assets.²¹ In announcing the rulemaking, Chair Atkins said, “Americans’ ability to participate more fully in innovation and economic growth through well-diversified long-term investments is a vitally important priority for effective retirement planning.”²²

The SEC has also issued a joint proposal with the Commodity Future Trading Commission that would reduce Form PF reporting requirements.²³ The Form PF is a “confidential form on which certain SEC-registered investment advisers to private funds report information... that helps [the SEC] to understand potential systemic risk.”²⁴ According to one former SEC official, the SEC

¹⁷ Senator Elizabeth Warren, “Warren Calls for Stress Test on Private Credit, Presses Ratings Agencies on Inflated Private Credit Ratings,” July 17, 2025, <https://www.banking.senate.gov/newsroom/minority/warren-calls-for-stress-test-on-private-credit-presses-ratings-agencies-on-inflated-private-credit-ratings>.

¹⁸ Reuters, “Bank of England launches stress test of private equity and credit,” David Milliken and Phoebe Seers, December 4, 2025, <https://www.reuters.com/sustainability/boards-policy-regulation/bank-england-launches-stress-test-private-equity-private-credit-industries-2025-12-04/>.

¹⁹ U.S. Department of the Treasury, “Treasury Secretary Scott Bessent Remarks before the American Bankers Association,” April 9, 2025, <https://home.treasury.gov/news/press-releases/sb0078>; U.S. Department of the Treasury, “Treasury Secretary Scott Bessent Remarks at the Federal Reserve Capital Conference,” July 21, 2025, <https://home.treasury.gov/news/press-releases/sb0202>; Politico, “‘Fundamental reset’: Scott Bessent has a plan to free the nation’s banks,” Aiden Reiter and Victoria Guida, January 24, 2026, <https://www.politico.com/news/2026/01/24/scott-bessent-banks-00744468>.

²⁰ U.S. Department of the Treasury, “Financial Stability Oversight Council Issues Proposed Guidance on Nonbank Financial Company Designations,” March 25, 2026, <https://home.treasury.gov/news/press-releases/sb0422>; Politico,

“Treasury moves to gut financial research office,” Aiden Reiter and Victoria Guida, April 2, 2026, <https://www.politico.com/news/2026/04/02/treasury-moves-to-gut-financial-research-office-00856631>.

²¹ U.S. Department of Labor, “US Department of Labor proposes landmark rule to democratize access to alternative investments in 401(k) plans,” March 30, 2026, <https://www.dol.gov/newsroom/releases/ebsa/ebsa20260330>.

²² *Id.*

²³ U.S. Securities and Exchange Commission, Proposed Rule, Form PF; Reporting Requirements for All Filers; <https://www.sec.gov/files/rules/proposed/2026/ia-6959.pdf>.

²⁴ Statement from Commissioner Caroline Crenshaw, “Extensions on Extensions: Statement on Further Extension of the Form PF Compliance Date,” June 11, 2025, <https://www.sec.gov/newsroom/speeches-statements/crenshaw-statement-form-pf-061125>.

and other financial regulators rely “on these detailed data to better comprehend when the private markets may be experiencing turbulence that could affect our entire financial system...these data are our best—and perhaps only—way to spot large scale financial disasters originating in the private funds market...before they happen.”²⁵ Yet the SEC and CFTC are looking to “eliminate filing requirements for smaller advisers, who represent almost half of the advisers currently required to file Form PF,”²⁶ and “eliminate or streamline many Form PF requirements.”²⁷ This proposal is a step in the wrong direction and comes at a time when regulators should demand increased disclosures from private funds to better understand risks posed to the financial system.

But as private credit risks continue to mount, Secretary Bessent has finally acknowledged, “We are concerned. If there is something rotten, it is not going to be handed to the individual investors.”²⁸ Further, expressing at least some concern about potential systemic risks, Secretary Bessent said, “I am concerned with watching, how does this get to the regulated financial system.”²⁹ The Treasury Department has announced “a series of conversations with domestic and international regulators”³⁰ about private credit is reportedly requesting written responses from firms about “recent performance and relationships with banks, insurance and reinsurance companies.”³¹ And Chair Atkins, too, after publicly stating that private credit does not pose a “systemic risk,” acknowledged “emerging pressures” in the market and publicly stated that the SEC was investigating fraud allegations against private credit firms.³²

This belated yet tepid acknowledgment of risk, after months of limited action, raises significant questions about the Administration’s position on the private credit market, particularly as it

²⁵ *Id.*

²⁶ U.S. Securities and Exchange Commission, “SEC and CFTC Jointly Propose Amendments to Reduce Private Fund Reporting Burdens,” April 20, 2026, <https://www.sec.gov/newsroom/press-releases/2026-40-sec-cftc-jointly-propose-amendments-reduce-private-fund-reporting-burdens> (raising filing threshold for all filers from \$150 million in private fund assets under management to \$1 billion, and the reporting threshold for large hedge fund advisers from \$1.5 billion in hedge fund assets under management to \$10 billion, which eliminates the number of advisers who have to file, while retaining reporting for most of the gross asset value reported).

²⁷ *Id.*

²⁸ Yahoo! Finance, “‘We are concerned’: Scott Bessent says Treasury is keeping a close eye on the private credit market,” David Hollerith, February 23, 2026, <https://finance.yahoo.com/news/we-are-concerned-scott-bessent-says-treasury-is-keeping-a-close-eye-on-the-private-credit-market-145117264.html>.

²⁹ Reuters, “Exclusive: US Treasury to consult with insurance regulators on private credit lenders, sources say,” David Lawder, March 29, 2026, <https://www.reuters.com/business/finance/us-treasury-consult-with-insurance-regulators-private-credit-lenders-sources-say-2026-03-30/#:~:text=%22I%20am%20concerned%20with%20watching,Lawder:%20Editing%20by%20Edmund%20Klamann>.

³⁰ U.S. Department of Treasury, “Treasury To Convene First Series of Conversations with Domestic and International Regulators,” April 1, 2026, <https://home.treasury.gov/news/press-releases/sb0430>.

³¹ Reuters, “US Treasury asks private credit firms for data, Punchbowl News reports,” April 15, 2026, <https://www.reuters.com/business/us-treasury-asks-private-credit-firms-data-punchbowl-news-reports-2026-04-15/>; U.S. Department of Treasury, “Treasury To Convene First Series of Conversations with Domestic and International Regulators,” April 1, 2026, <https://home.treasury.gov/news/press-releases/sb0430>.

³² Bloomberg, “SEC Monitoring ‘Emerging Pressures’ in Private Credit Space,” Lydia Beyoud, April 21, 2026, <https://www.bloomberg.com/news/articles/2026-04-21/sec-monitoring-emerging-pressures-in-private-credit-space>; Bloomberg, “SEC Investigating Alleged Fraud in Private Credit, Atkins Says,” Lydia Beyoud, May 4, 2026, https://www.bloomberg.com/news/articles/2026-05-04/sec-investigating-alleged-fraud-in-private-credit-atkins-says?taid=69f8fd3d083ff20001076624&utm_campaign=trueanthem&utm_content=business&utm_medium=social&utm_source=twitter&embedded-checkout=true.

continues to deregulate the financial industry and reduce regulators' ability to meaningfully identify or prevent financial crises.

To help me better understand the Trump Administration's attitude towards private credit writ large, please respond to the following questions by May 26, 2026:

Questions for Chair Atkins:

1. What data did you review to determine that private credit is “not a systemic risk”?³³ Provide copies of this data and explain your conclusion.
2. How has your analysis of what constitutes a “systemic risk” changed since your service as an SEC Commissioner prior to the 2008 financial crisis, when you voted to weaken rules on investment banks that allowed them to reduce their capital buffer, which has since been identified as a cause of the crisis?³⁴
3. In your approach to monitoring and managing private credit risk to the system and investors, do you continue to advocate “[the] principles of regulatory restraint” and allowing the market to “[continue] to demonstrate a capacity to minimize and absorb systemic risk,” as you did in August 2007 as the market suffered the worse losses in nearly five years?³⁵
4. Has the SEC shared relevant private credit data with the Treasury Department? If not, why not?
5. How would the proposed reduced disclosures for Form PF affect the Commission's ability to monitor risk to investors and the market from weakness in private credit?
6. Please provide our office with a briefing on the status of SEC actions to protect investors and markets from risks from weakness in the private markets.
7. What steps will the SEC take to assess systemic risk in the private fund market and broader economy, and to ensure accurate data is reported and collected, between now and when the delayed amendments to Form PF are scheduled to become effective, October 1, 2026?
8. In the preamble to the final rule announcing the extended compliance date, the agencies write that “to the extent that there are significant market events during the extension

³³ *Supra* note 1.

³⁴ U.S. Securities and Exchange Commission, Office of the Inspector General Office of Audits, “SEC's Oversight of Bear Stearns and Related Entities: The Consolidated Supervised Entity Program,” September 25, 2008, <https://www.sec.gov/about/oig/audit/2008/446-a.pdf>, at 11; Testimony before the Financial Crisis Inquiry Commission, “Causes of the Recent Financial and Economic Crisis,” Chairman Ben S. Bernanke, <https://www.federalreserve.gov/newsevents/testimony/bernanke20100902a.htm>.

³⁵ U.S. Securities and Exchange Commission, “Speech by SEC Commissioner Paul Atkins: Remarks Before the Federal Reserve Bank of Chicago Seventh Annual Private Equity Conference,” August 2, 2007, <https://www.sec.gov/news/speech/2007/spch080207psa.htm>.

period, extending the compliance date may result in forgone benefits from the Commissions not receiving enhanced Form PF data. More broadly, there will be a cost from delaying the accrual of any benefits of the enhanced data.”³⁶ Have you conducted any analysis quantifying the losses from the delay? Please provide copies of any analyses. If no analyses exist, please explain why not.

9. The preamble to the final rule also notes that the extension “delays the realization of the economic benefits from the new information on Final Form PF.”³⁷ Has the SEC conducted any analyses quantifying the specific economic benefits that will be foregone by this delay? Please provide copies of any analyses. If no analyses exist, please explain why not.
10. Did anyone at the White House or the Office of Management and Budget (“OMB”) direct or recommend that the SEC delay the compliance date? Please provide copies of any and all internal and external communications between the SEC and OMB, or White House officials, regarding the Form PF and its amendments between January 20, 2025, and today.
11. Please describe the SEC’s engagement with President Trump’s executive orders relative to dismantling “anti-competitive regulations.”³⁸ Which requirements have you identified for review in relation to this order? Have any of these orders been proposed to apply to Form PF?
12. If this rulemaking goes past October 1, 2026, will you commit to upholding the October 1, 2026 compliance deadline for the previously approved amendments?
13. To what extent does continually extending compliance deadlines for duly approved Commission rules, in lieu of engaging in notice and comment rulemaking to make necessary amendments, violate the Administrative Procedure Act?

Questions for Secretary Bessent:

1. You’ve stated that you’re “concerned” about the state of private credit markets and the risk that private credit instability could “get to the regulated financial system.”³⁹ What policy actions do you intend to execute or advocate for to address your concerns?
2. You have helped coordinate the banking agencies’ deregulatory agenda. Banks’ loan commitments to private credit funds totaled \$445 billion as of the second quarter of 2025,⁴⁰ and the banking system’s overall financial exposure to private credit appears to be even larger.

³⁶ 17 CFR 279.19

³⁷ *Id.*

³⁸ The White House, “Reducing Anti-Competitive Regulatory Barriers,” Executive Order, April 9, 2025, <https://www.whitehouse.gov/presidential-actions/2025/04/reducing-anti-competitive-regulatory-barriers/>.


³⁹ *Supra* note 27.

⁴⁰ *Supra* note 15.

- a. Do you believe reductions in bank capital requirements, including the enhanced supplementary leverage ratio, the GSIB surcharge, and the Basel III Endgame package, makes big banks more or less resilient to the risks posed by private credit?
 - b. Do you believe that weakening the stress testing framework, including loosening models and disclosing such models to banks, makes big banks more or less resilient to the risks posed by private credit?
 - c. Do you believe that restricting bank examiners ability to police unsafe and unsound practices makes big banks more or less resilient to the risks posed by private credit?
 - d. Do you believe that reducing the bank examination workforce makes big banks more or less resilient to the risks posed by private credit?
 - e. Do you believe that watering down liquidity requirements makes big banks more or less resilient to the risks posed by private credit?
3. Given your newfound “concerns” do you believe banking regulators should pause or reverse any big bank deregulatory efforts? Beyond pausing or reversing deregulatory efforts, what affirmative steps should the banking agencies take to ensure big banks are resilient to the risks posed by private credit?
 4. Has FSOC recommended any supervisory or regulatory priorities or principles, or identified any regulatory gaps that could pose risks to the stability of the U.S. financial system in relation to the rise of the private credit market and the increasing interconnectedness of bank and nonbank financial companies? If so, please provide an overview of such priorities, principles, or regulatory gaps. If not, why not?
 5. Given your newfound concerns, do you intend to withdraw the FSOC’s proposed nonbank designation guidance, which would undermine the Council’s ability to subject private credit funds or other shadow banks to enhanced financial stability standards?
 6. Is FSOC considering conducting a stress test, or similar scenario analysis exercise, of nonbank financial institutions, similar to that conducted by the Bank of England and those planned by EU and French regulators?⁴¹ If yes, please discuss FSOC’s plans, including the timeline and scope of such a stress test. If not, why not?
 7. Do you believe that drastically reducing the staff and budget of the OFR helps regulators address data gaps in the private credit market? Do you intend to recall fired staffers and restore budget cuts at the OFR?
 8. Does the OFR intend to engage in rulemaking or otherwise subpoena data from private credit funds to close data gaps and provide transparency on underlying risks?
 9. Has the Treasury Department shared relevant private credit data, including information gleaned from its one-on-one meetings, with the SEC? If not, why not?

⁴¹ Financial Times, “EU plans sweeping stress test of non-banks,” Martin Arnold, May 27, 2025, <https://www.ft.com/content/72a515ac-83a5-4896-b270-dd3f817dc4a6>.

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs