

Committee on Banking, Housing and Urban Affairs
Nomination Hearing for Mr. Paul Atkins, Mr. Jonathan Gould, Mr. Luke Pettit, and The
Honorable Marcus Molinaro
March 27, 2025

Questions for the Record for Paul Atkins

**Questions for Mr. Paul Atkins, Member Designate, Securities and Exchange Commission,
from Ranking Member Elizabeth Warren:**

Agency Independence and Accountability

1. On February 18, 2025, President Trump signed an executive order that seeks greater authority over regulatory agencies that Congress established as independent from direct White House control.¹ The EO requires, among other things, independent agencies like the SEC to submit significant regulatory actions to the White House for review and declares that they must accept the president's and the Justice Department's interpretation of the law as binding.
 - a. If confirmed, do you intend to submit all significant SEC rulemakings to the White House Office of Management and Budget (OMB) for review?
 - b. You served on the SEC staff from 1990 to 1994 under two different chairmen, Arthur Levitt and Richard Breede. During that time, was it the SEC's practice to submit all significant rulemakings for OMB review? If so, is President Trump incorrect in his assertion in the February 18, 2025 Executive Order that "these regulatory agencies" (including the SEC) have been "permitted to promulgate significant regulations without review by the President"?²
 - c. You served as a SEC commissioner from 2002 to 2008. During that time, was it the SEC's practice to submit all significant rulemakings for OMB review? If so, is President Trump incorrect in his assertion in the February 18, 2025 Executive Order that "these regulatory agencies" (including the SEC) have been "permitted to promulgate significant regulations without review by the President"?³
 - d. Do you believe that the President has the executive power to direct individual SEC enforcement actions, including for political or personal reasons? If the President directs you to open or close an investigation, will you comply?
 - e. If there is evidence that any of the President's companies are suspected of

¹ Federal Register Notice, "Ensuring Accountability for All Agencies," February 24, 2024, <https://www.federalregister.gov/documents/2025/02/24/2025-03063/ensuring-accountability-for-all-agencies>.

² *Id.*

³ *Id.*

violating the federal securities laws, how will you ensure an independent investigation is conducted?

- f. Do you believe that the President may require the SEC, including the SEC's chief legal officer, to adhere to legal positions of the President and the Attorney General? Under what circumstances?

Answer: As I stated in my opening remarks, “regulation ideally should be smart, effective, and appropriately tailored within the confines of the regulator’s statutory authority. In short, clear rules of the road benefit all market participants.” I believe that appropriate submission of proposed rules to OMB can help ensure the SEC promulgates rules that meet those criteria. My understanding is that historically, the SEC has voluntarily submitted rules to OIRA, and I expect to continue submitting relevant significant rules under the new Executive Order.

President Trump has vowed to get politics out of government enforcement actions. He has nominated me to help ensure the SEC advances its tripartite mission, abides by its statutory authority, and follows the law. As stated in my opening remarks, should I be confirmed “I will strive to protect investors from fraud, to keep politics out of how our securities laws and regulations are applied, and to advance clear rules of the road that encourage investment in our economy to the benefit of all Americans.”

2. Minority party commissioners on independent regulatory commissions like the SEC play a key role in shaping public policy, helping to ensure a “a broader array of opinions will be introduced into the consensus-building process.”⁴ They also serve as a critical source of accountability and enhance agency independence.⁵ Do you believe that the partisan balance requirements for the Commission, as established in the Securities Exchange Act of 1934,⁶ strengthen the SEC’s independence and accountability?
 - a. Do you believe the SEC should have a full complement of Commissioners (i.e., three Republican commissioners and two Democratic commissioners)?
 - b. You have been nominated to fill the remainder of previous SEC Chairman Gary Gensler’s term that expires in June 2026, and for a reappointment to another five-year term that begins in June 2026.⁷ Do you believe it is appropriate that you have

⁴ Congressional Research Service, “Independence of Federal Financial Regulators: Structure, Funding, and Other Issues,” August 3, 2023, p. 12, <https://sgp.fas.org/crs/misc/R43391.pdf>.

⁵ *Id.*

⁶ 15 U.S.C. § 78d.

⁷ Congress.gov, “PN12-18 — Paul Atkins — Securities and Exchange Commission,” January 20, 2025, <https://www.congress.gov/nomination/119th-congress/12/18>;

Congress.gov, “PN18 — Paul Atkins — Securities and Exchange Commission,” January 28, 2025, <https://www.congress.gov/nomination/119th-congress/18>.

been nominated for a five-year term that does not begin for over a year while no Democratic commissioner has been nominated to the SEC?

c. Do you support the nomination of a Democratic commissioner?

Answer: 15 U.S. Code § 78d states that the SEC is “to be composed of five commissioners to be appointed by the President by and with the advice and consent of the Senate. Not more than three of such commissioners shall be members of the same political party[.]” I defer to the appointment power of the President by and with the advice and consent of the Senate.

SEC Rulemaking

A. Economic Analysis

3. How do you plan to quantify the benefits of the SEC’s regulations? And how would you quantify the risks of inaction?
4. How do you plan to use SEC’s economists differently than previous Chairs?
5. How do you plan to ensure that, during the rulemaking process, the SEC appropriately values the benefits of the following:
 - a. investor protection,
 - b. financial stability,
 - c. the avoidance of systemic financial crises, and
 - d. the deterrence of fraud?
6. How do you plan to properly weigh the costs to investors of intangible harms and harms to the market functioning, such as:
 - a. increased market manipulation and self-dealing,
 - b. greater conflicts of interest,
 - c. increased fraud and lack of transparency, and
 - d. the deterrence of fraud?

Answers 3-6: As noted during my opening remarks, during my time as an SEC Commissioner from 2002-2008, “I advocated for greater transparency at the agency and emphasized robust cost-benefit analysis when considering new regulations.” I have been critical in the past that the SEC often conducts economic analysis only as a post hoc exercise – SEC economists provide a

cost-benefit basis for rules after the rules are already drafted. I believe there is an important role for economists and cost-benefit analysis earlier in the rulemaking process to consider and weigh a variety of factors.

B. Final Rules

7. Under former Chair Gary Gensler, the SEC finalized a number of significant rules, including the following rules. Will you commit to keeping these rules in place? For each rule, please provide a “yes” or “no” response.
- a. “Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure”⁸
 - b. “Money Market Fund Reforms”⁹
 - c. “Special Purpose Acquisition Companies, Shell Companies, and Projections”¹⁰
 - d. “Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities”¹¹
 - e. “Reporting of Securities Loans”¹² and “Short Position and Short Activity Reporting by Institutional Investment Managers”¹³
 - f. “Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers”¹⁴ and “Form PF; Event Reporting for Large Hedge Fund Advisers and

⁸ Securities and Exchange Commission, Federal Register Notice, “Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure,” August 4, 2023, <https://www.federalregister.gov/d/2023-16194>.

⁹ Securities and Exchange Commission, Federal Register Notice, “Money Market Fund Reforms; Form PF Reporting Requirements for Large Liquidity Fund Advisers; Technical Amendments to Form N-CSR and Form N-1A,” August 3, 2023, <https://www.federalregister.gov/d/2023-15124>.

¹⁰ Securities and Exchange Commission, Federal Register Notice, “Special Purpose Acquisition Companies, Shell Companies, and Projections,” February 26, 2024, <https://www.federalregister.gov/d/2024-01853>.

¹¹ Securities and Exchange Commission, Federal Register Notice, “Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities,” January 16, 2024, <https://www.federalregister.gov/d/2023-27860>.

¹² Securities and Exchange Commission, Federal Register Notice, “Reporting of Securities Loans,” November 3, 2023, <https://www.federalregister.gov/d/2023-23052>.

¹³ Securities and Exchange Commission, Federal Register Notice, “Short Position and Short Activity Reporting by Institutional Investment Managers,” November 1, 2023, <https://www.federalregister.gov/d/2023-23050>.

¹⁴ Securities and Exchange Commission, Federal Register Notice, “Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers,” March 12, 2024, <https://www.federalregister.gov/d/2024-03473>.

Private Equity Fund Advisers; Requirements for Large Private Equity Fund Adviser Reporting”¹⁵

Answer: Should I be confirmed, I look forward to working with my fellow Commissioners and the SEC Staff to understand all the facts they considered in adopting previous rules and to better understand the implementation of those rules. As stated in my opening remarks, “[i]mplementation of regulations, therefore, is crucial; it is one thing to write a regulation, quite another for it to achieve its intended goal. Regulation ideally should be smart, effective, and appropriately tailored within the confines of the regulator’s statutory authority.”

C. Climate Risk Disclosure Rule

8. Do you believe climate-related risk and its associated impacts can pose a significant threat to the financial system and our economy? Please respond with a “yes” or “no.”
9. Do you believe climate-related risk may materially affect the financial performance of companies, including companies that rely on supply chains and physical infrastructure which can be disrupted and damaged by the effects of climate change?¹⁶ Please respond with a “yes” or “no.”
 - a. Can climate change-related natural disasters affect business operations that ultimately materially affect a company’s financial performance?
 - b. Commercial property insurance costs are projected to nearly double in the next five years, in part due to the effects of climate change.¹⁷ Do you believe this phenomenon may materially affect a company’s financial performance?
 - c. The International Chamber of Shipping recently warned, “the resilience of global supply chains and the future of international commerce now hinge on how effectively the world navigates these uncharted waters of a changing climate...[M]edium and long-term planning must consider the business impacts of climate change.”¹⁸ Do you agree that businesses that rely on global supply chains and international commerce must consider the impacts of climate change?

¹⁵ Securities and Exchange Commission, Federal Register Notice, “Form PF; Event Reporting for Large Hedge Fund Advisers and Private Equity Fund Advisers; Requirements for Large Private Equity Fund Adviser Reporting,” June 12, 2023, <https://www.federalregister.gov/d/2023-09775>.

¹⁶ Deloitte, “Climate change impacts elevate US commercial real estate insurance costs,” Renea Burns, Tim Coy, and Niall Williams, May 29, 2024, <https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-predictions/2024/impact-of-climate-change-on-commercial-real-estate-insurance-costs.html>.

¹⁷ *Id.*

¹⁸ International Chamber of Shipping, “Trade flows adapting to climate change impacts,” March 18, 2024, <https://www.ics-shipping.org/news-item/trade-flows-adapting-to-climate-change-impacts/>.

- d. Are there any other climate-related concerns that could materially affect the financial performance of SEC-regulated entities?
- 10. Do you believe that reasonable investors may require information about the potential material risk of climate change in order to make investing decisions? Please respond with “yes” or “no.”
- 11. Do fiduciaries have a duty to disclose material climate risks as they do any other risks?
- 12. Several legal challenges were brought against the climate-related risk disclosure rule and litigation was consolidated in the Eighth Circuit Court of Appeals. On March 28, 2025, the SEC voted to end its legal defense of the rule. This followed Acting Chair Mark Uyeda’s announcement in February that he directed Commission staff to ask the court not to schedule the case for argument “to provide time for the Commission to deliberate and determine the appropriate next steps.”¹⁹
 - a. Did you consult with Acting Chair Uyeda or other commissioners on the SEC on the climate disclosure rule prior to this vote? If so, please explain.
 - b. Do you support the decision to end the Commission’s defense of the rule?
- 13. In January 2025, the Financial Stability Board warned that “rising frequency and severity of physical shocks caused, in part, by the effects of climate change and less insurance coverage could result in significant losses for households, firms and other financial institutions.” Would these risks affect regulated companies?
- 14. In a September 2020 report titled *Managing Climate Risk in the U.S. Financial System*, the Commodity Futures Trading Commission warned that “declining real estate values—driven by climate-related impacts or the perception of such impacts in the future—could substantially depress economic activity... since most residential real estate in the United States is purchased with a mortgage, physical risk could also affect the underlying mortgages,” and that “climate change can cause insurance companies to fail.” Would these risks affect regulated companies?
- 15. In a January 2025 report titled *Analyses of U.S. Homeowners Insurance Markets, 2018-2022: Climate-Related Risks and Other Factors*, the Treasury Department Federal Insurance Office’s found that high premiums, cost to insurers, and policy nonrenewal rates correlated with increased climate risk. It warned of “significant consequences for local governments whose tax bases rely on property values, and for real estate lenders and investors in mortgage securities that rely on insurance for loss protection”? Would these insurance risks affect regulated companies?

¹⁹ Securities and Exchange Commission, “Acting Chairman Statement on Climate-Related Disclosure Rules,” press release, February 11, 2025, <https://www.sec.gov/newsroom/speeches-statements/uyeda-statement-climate-change-021025>.

16. The Senate Budget Committee’s December 2024 report *Next to Fall: The Climate-Driven Insurance Crisis is Here – and Getting Worse* included analysis showing that non-renewals are rising most rapidly in counties with the highest climate risk. Do you agree with the report’s conclusions that climate risk is making insurance less available and more expensive?
17. Federal Reserve Chair Powell testified on February 11, 2025, before the Senate Banking Committee that “if you fast forward 10 or 15 years, there are going to be regions of the country where you can’t get a mortgage.” What would the economic effects be of regional mortgage unavailability?

Answer 8-17: As Justice Thurgood Marshall outlined in the landmark *TSC Industries v. Northway* case, an item is material if there is a substantial likelihood that a reasonable investor would consider the information important in deciding how to vote or make an investment decision. As a result, to the extent that climate affects the financial performance of any particular entity, that entity is already obligated to disclose that information to investors. In order to preserve the integrity of information disclosed to investors, any efforts to make policy around climate or impacts to consumers’ behavior should be taken up by Congress or the appropriate executive departments and agencies. I have not discussed the climate disclosure rule with Acting Chair Uyeda or the other Commissioners. It would be inappropriate for me to speak to the specific actions that the SEC has taken or would take regarding the risk-related climate disclosure rule at this time, considering I do not have access to the full set of facts that the SEC staff and other Commissioners have considered.

D. Equity Market Structure: Regulation Best Execution and Order Competition Rule

18. On the heels of the GameStop and meme stock frenzy,²⁰ the SEC proposed several rules to address market structure issues. To date, two of the four proposals have been finalized: updates to the pricing of stocks to allow traders to quote stocks at variable price increments²¹ and amendments that create more transparency in the stock order execution process.²²
- a. Do you support the SEC’s two finalized rules? What is your view of the remaining two proposals, which would require broker dealers to execute orders at

²⁰ Securities and Exchange Commission, “SEC Staff Releases Report on Equity and Options Market Structure Conditions in Early 2021,” press release, October 18, 2021, <https://www.sec.gov/newsroom/press-releases/2021-212>.

²¹ Securities and Exchange Commission, “SEC Adopts Rules to Amend Minimum Pricing Increments and Access Fee Caps and to Enhance the Transparency of Better Priced Orders,” press release, September 18, 2024, <https://www.sec.gov/newsroom/press-releases/2024-137>.

²² Securities and Exchange Commission, “SEC Adopts Amendments to Enhance Disclosure of Order Execution Information,” press release, March 6, 2024, <https://www.sec.gov/newsroom/press-releases/2024-32>.

the best price for their customers²³ and route individual investor trade orders through fair and open auctions before execution?²⁴

- b. Do you believe retail investors should be able to rely on the SEC to ensure their broker or dealer obtains the best available price and terms for their investment transactions?
- c. What do you think would be part of a holistic review of equity market structure?

Answer: Helping ensure the equity markets are well functioning is part of the SEC’s mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. If confirmed, I look forward to evaluating opportunities to improve equity market structure in ways that align with the SEC’s three-part mission, including reviewing prior rules, existing proposals, and the possible need for additional proposals.

Your Actions Prior to and During the 2008 Financial Crisis

A. Alternative Net Capital and Consolidated Supervised Entities for Investment Banks

19. Do you agree with Christopher Cox, the former Republican Chair of the SEC, that “the CSE program was fundamentally flawed from the beginning?”²⁵ If not, why not?

Answer: I understand that there were issues with the implementation of the CSE program beginning shortly after its inception under SEC Chairman William Donaldson. However, because I was only one member of a five-member commission, I had limited insight into the details of the CSE program.

20. Do you agree with Cox that “voluntary regulation does not work?”²⁶ If not, why not?

Answer: The Securities Exchange Act of 1934 provides a division of regulation responsibilities between the SEC and self-regulatory organizations. If confirmed as SEC Chairman, I would welcome the opportunity to work with Congress to re-examine this relationship.

²³ Securities and Exchange Commission, “SEC Proposes Regulation Best Execution,” press release, December 14, 2022, <https://www.sec.gov/newsroom/press-releases/2022-226>.

²⁴ Securities and Exchange Commission, “SEC Proposes Rule to Enhance Competition for Individual Investor Order Execution,” press release, December 14, 2022, <https://www.sec.gov/newsroom/press-releases/2022-225>.

²⁵ *Id.*

²⁶ *Id.*

21. From 2009 to 2010, you and I served together on the Congressional Oversight Panel for the Troubled Asset Relief Program.²⁷ Around that time, you said: “the SEC probably became a little bit too focused on the equity markets and ... did not pay enough attention to the debt side.”²⁸ Looking back at the SEC’s pre-crisis failures during your tenure, what lessons did you learn from the 2008 financial crisis? How would those lessons inform your tenure as chairman of the SEC?

Answer: One important lesson is that the 2008 subprime mortgage crisis was not driven by one exclusive cause, but rather, a wide range of factors, including misguided government policies. In other words, high leverage at certain financial institutions was hardly the sole driver of the crisis. Insufficiently transparent information about financial institutions, housing policy distortions, and misguided central bank policies were also critical factors that helped bring about the 2008 subprime mortgage crisis. It is also worth noting that the SEC was not and is not a prudential regulator.

22. In the lead up to the financial crisis, were you made aware that SEC staff knew investment banks were overleveraged?

- a. Were you provided any documents, analyses, or other information to this effect? If so, when were you presented with this information?
- b. Did you hide this information from other Commissioners or was it openly discussed at the Commission?

Answer: During my tenure as a Commissioner at the SEC from 2002 to 2008, my fellow Commissioners and I received episodic briefings on relevant market events. I do not believe I had any special information that my fellow Commissioners did not also have.

23. Will you produce each vote you took as Commissioner on matters before the Commission, including but not limited to rulemaking and enforcement votes, ahead of your confirmation hearing?

Answer: I do not have access to this information, but believe that it is available from the office of the Secretary to the Commission.

²⁷ Congressional Oversight Panel on the Trouble Asset Relief Program, “Chair Elizabeth Warren Welcomes Paul Atkins to the Congressional Oversight Panel,” press release, August 20, 2009, <https://fraser.stlouisfed.org/title/united-states-congressional-oversight-panel-5136/chair-elizabeth-warren-welcomes-paul-atkins-congressional-oversight-panel-518805>.

²⁸ Senate Committee on Banking, Housing, and Urban Affairs, “Further Examining What Went Wrong in the Securities Markets, How We Can Prevent the Practices That Led to Our Financial System Problems, and How to Protect Investors,” March 26, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111shrg53176/html/CHRG-111shrg53176.htm>.

B. Regulation Short Selling (Regulation SHO) Rule 10a-1 - Uptick Rule

24. In 2007, you voted to repeal the uptick rule (or “tick test”) that prevented short sellers from entering a sale at a price that is lower than the last sale price.²⁹ The uptick rule was in place for 70 years³⁰ and prevented short sellers from driving down stock prices.³¹ Repealing the rule allowed short sellers to take repeated, heavy positions in failing banks, further driving down the stock price of the banks³² and exacerbating the financial crisis.³³
- a. Were you made aware of the limitations of the rule’s pilot study when you voted to repeal the uptick rule?
 - b. How will you ensure you are properly informed before voting on SEC regulations?

Answer: As I recall, the repeal of the uptick rule in 2007 was motivated in part by recommendations from SEC staff aimed at achieving a level regulatory playing field and to end potential distortions between various market centers. If confirmed as SEC Chairman, I would ensure that I am properly informed by consulting with staff and fellow Commissioners as necessary, as well as economic analysis where appropriate.

25. The SEC voted on this rule after conducting a 2005 pilot study which concluded that the uptick rule had limited effect on the market. The study was later found to be incomplete because the report did not price-in sharp movements in stock prices,³⁴ which happened on a near-daily basis during the financial crisis. In a comment letter submitted during the proposal process, the New York Stock Exchange (NYSE) “noted its concern about unrestricted short

²⁹ New York Times, “S.E.C. Ends Decades-Old Price Limits on Short Selling,” Floyd Norris, June 14, 2007, <https://www.nytimes.com/2007/06/14/business/14sec.html>.

³⁰ Congressional Research Service, “The Uptick Rule: SEC Limit on Short Selling Reconsidered,” March 24, 2010, p. 1, <https://crsreports.congress.gov/product/pdf/RL/RL34519/6>.

³¹ Brooklyn Journal of Corporate, Financial & Commercial Law, “Why the SEC Failed” Regulators Against Regulation,” Norman S. Poser, 2009, p. 301, <https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=1142&context=bjcfcl>.

³² Wall Street Journal, “Opinion: Restore the Uptick Rule, Restore Confidence,” Charles R. Schwab, December 9, 2008, <https://www.wsj.com/articles/SB122878208553589809>.

³³ Brooklyn Journal of Corporate, Financial & Commercial Law, “Why the SEC Failed” Regulators Against Regulation,” Norman S. Poser, 2009, p. 301, <https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=1142&context=bjcfcl>.

³⁴ Congressional Research Service, “The Uptick Rule: SEC Limit on Short Selling Reconsidered,” March 24, 2010, p. 5, <https://crsreports.congress.gov/product/pdf/RL/RL34519/6>.

selling during periods of unusually rapid and large market declines.”³⁵ The American Stock Exchange (ASE) expressed related concerns.³⁶ Were you made aware of NYSE and ASE’s concerns prior to your vote to repeal the uptick rule?

- a. If yes, how will you ensure you are appropriately addressing comments made on SEC regulations?
- b. If no, how will you ensure that you are properly informed about the comment file for SEC regulations?

Answer: As SEC Commissioner, I was aware of the differing types of views set forth in comment files on SEC rulemakings, including those surrounding changes to Regulation SHO. If confirmed by the Senate as SEC Chairman, I will ensure that I am appropriately addressing comments made on SEC regulations by ensuring that various perspectives set forth in a rulemaking’s comment file are taken into account during the rulemaking process. I will also ensure that I am properly informed about comment files on SEC rulemakings through regular meetings with staff and fellow Commissioners.

26. Would existing SEC rules limiting short selling, which you supported,³⁷ be fairly applied to the securities of all issuers, including the Trump Media Group?

Answer: If confirmed by the Senate as SEC Chairman, I would dedicate myself to ensuring that the SEC carries out all statutory responsibilities.

C. Your Regulatory Posture Before and During the Financial Crisis

27. Please describe how the Commission was addressing systemic risk in the lead-up to the financial crisis.

Answer: The SEC was not and still is not a prudential regulator. In the lead-up to the 2008 subprime mortgage crisis, one of the major threats to U.S. financial stability was a lack of transparency of disclosure of certain financial services firms’ holdings and financial statements—broadly speaking, this dynamic can create investor fears. If confirmed by the Senate as SEC Chairman, I look forward to improving financial disclosures as I work to carry out the SEC’s three-part mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

³⁵ Brooklyn Journal of Corporate, Financial & Commercial Law, “Why the SEC Failed” Regulators Against Regulation,” Norman S. Poser, 2009, p. 301, <https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=1142&context=bjcfcl>.

³⁶ Congressional Research Service, “The Uptick Rule: SEC Limit on Short Selling Reconsidered,” March 24, 2010, p. 4, <https://crsreports.congress.gov/product/pdf/RL/RL34519/6>.

³⁷ Securities and Exchange Commission, “SEC Votes on Regulation SHO Amendments and Proposals; Also Votes to Eliminate “Tick” Test,” press release, June 13, 2007, <https://www.sec.gov/news/press/2007/2007-114.htm>.

28. In each of the following areas, how should the SEC prepare for and prevent the next financial crisis?

- a. Excessive leverage in investment banks
- b. Investment bank, broker dealer, and increasingly retail investor exposure to hedge funds (including via prime brokerage)
- c. Investment bank and broker dealer exposure to shadow banking and private credit
- d. Bank runs on stablecoins
- e. Cybercriminals attacking the crucial infrastructure of the financial system including:
 - i. Clearing and settlement
 - ii. Repos, securities lending, and other sources of short term credit for the financial system

Answer: Preventing the next financial crisis requires an approach that takes into account the perspectives of a diverse group of stakeholders, including traditional financial institutions, digital asset industry participants, cybersecurity professionals, SEC staff, staff at other government agencies, state governments, and—most importantly—Main Street businesses and families. If confirmed by the Senate as SEC Chairman, I will consult a wide range of stakeholders as I lead the SEC in carrying out its three-part mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

29. In the lead up to the financial crisis, then-Chair Christopher Cox “engineered a series of procedural and tactical changes, effectively reducing the S.E.C. enforcement division’s power.”³⁸ Do you stand by the procedural changes in the SEC’s approach to enforcement that were engineered by then-Chairman Cox?

Answer: I believe that there were, and continue to be, many opportunities to improve the procedural approaches of the SEC’s Enforcement Division. If confirmed by the Senate as SEC Chairman, I look forward to working with SEC staff and my fellow Commissioners to identify and implement any appropriate changes to the SEC’s approach to enforcement.

Self-Regulatory Organization Oversight

³⁸ ProPublica, “The Gutting of the SEC,” Eric Umansky, October 15, 2008, <https://www.propublica.org/article/the-gutting-of-the-sec-1015>.

30. Project 2025 advocates for the abolition of Self Regulatory Organizations (SROs) like FINRA as well as the PCAOB.³⁹ How would abolishing these organizations ensure that there is a “strong, effective cop on the beat with a big billy club”⁴⁰ for the protection of investors?

Answer: The SEC must focus on its mission: protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. SROs are a part of that process. After 90 years, it would be worthwhile to re-examine “self-regulatory organizations” and the interaction between the SEC and SROs from policy, efficiency, and co-ordination perspectives. If confirmed by the Senate, I will work to ensure that investor protection is a priority and that the law, fairness and impartiality will guide enforcement proceedings.

31. Do you intend to fight for the repeal of the authority President Trump gave the PCAOB under the *Holding Foreign Companies Accountable Act*?

Answer: No.

32. FINRA⁴¹ and the PCAOB⁴² are funded by industry and issuer fees. Do you support changing the funding mechanism for these organizations?

- a. Would your plan impose additional financial burdens on the SEC or raise fees on public companies to continue this radical restructuring of the regulatory system for our securities markets?

Answer: If confirmed by the Senate, the law, fairness, and impartiality will guide investor protection and enforcement efforts. I look forward to getting the most up to date information about discussions related the FINRA and PCAOB funding mechanisms, which are set by statute, but I have no plans at this time to make a change.

33. Do you commit to continuing President Trump’s and Congress’s efforts to ensure the PCAOB conducts overseas inspections of Chinese audit firms registered in the U.S.?

Answer: This is an important issue. If confirmed by the Senate, the law, fairness, and impartiality will guide investor protection and enforcement efforts.

³⁹ Project 2025, “Mandate for Leadership The Conservative Promise,” p. 830, https://static.project2025.org/2025_MandateForLeadership_FULL.pdf.

⁴⁰ Securities and Exchange Commission, “Remarks by Commissioner Paul Atkins at the Securities Law Developments Conference,” December 9, 2022, <https://www.sec.gov/news/speech/spch120902psa.htm>.

⁴¹ Financial Industry Regulatory Authority, “Regulatory Fees and Payment Options,” <https://www.finra.org/registration-exams-ce/regulatory-fees-and-payment-options>.

⁴² Public Company Accounting Oversight Board, “Accounting Support Fee,” <https://pcaobus.org/about/accounting-support-fee>.

34. How much were you and your firm paid by the defendants in the 2013-2014 proceeding for which you served as an expert witness?
35. Were you required to report your appearance as an expert witness under the *Foreign Agents Registration Act*?
36. Have you advised or testified on behalf of other non-U.S. firms or their subsidiaries? Please list all firms, the timeline of your relationship to the firm, the compensation received by you and your firm, and relevant court cases involving said firms.

Answer 34-36: Since filing an 84-page public financial disclosure, I have been engaged in a thorough and intensive review of this information with the SEC’s Designated Agency Ethics Official (“SEC DAEO”) and the Office of Government Ethics (“OGE”). Following their comprehensive review of my filing and my responses to their detailed follow up inquiries, I consented to an ethics agreement in which I agreed to resign from more than a dozen positions and to divest more than 150 financial holdings. As a result, OGE and the SEC DAEO have certified that I am in compliance with the applicable laws and regulations governing conflicts of interest. I take seriously the obligations of SEC Chairman and, if confirmed, I will uphold the oath to faithfully discharge my duties, including the commitments that I have already made in my ethics agreement. Should I be confirmed, I will continue to consult with the SEC’s DAEO and act in accordance with all applicable conflicts of interest laws and regulations.

In addition, I have provided the Committee with additional information, beyond the requirements of the Ethics in Government Act, regarding my financial holdings and client representations, in order to assist the Senate in upholding its constitutional advice and consent duties. In short, I have met or exceeded the same standard that the Committee has applied to prior nominees of both parties to serve in the position for which I have been nominated. Throughout my career, I have taken my compliance obligations seriously and scrupulously complied with the law.

Private Capital Raising

37. Project 2025 advocates for the abolition of accredited investor restrictions.⁴³ In 2007, you said that “appropriate safeguards” were needed for investors in private funds.⁴⁴ What do you believe are “appropriate safeguards” for retail investors who may not have access to data and analysis that would help them evaluate these opaque investment vehicles?
- a. Would the removal of accredited investor restrictions eliminate the “appropriate safeguards” currently in place for investors?

⁴³ Project 2025, “Mandate for Leadership The Conservative Promise,” p. 831, https://static.project2025.org/2025_MandateForLeadership_FULL.pdf.

⁴⁴ Securities and Exchange Commission, “Remarks by Commissioner Paul Atkins at the Seventh Annual Private Equity Conference,” August 2, 2007, <https://www.sec.gov/news/speech/2007/spch080207psa.htm>.

- b. What “appropriate safeguards” would you support as a condition of expanding the definition of accredited investor?

Answer: If confirmed as SEC Chairman, I would ensure that any changes to existing accredited investor restrictions are carried out with the aim of fulfilling the SEC’s three-part mission, balancing opportunities and access to the markets for various types of investors. I would also work closely with SEC staff and my fellow Commissioners to identify appropriate safeguards for investors as part of any changes to these restrictions. I would consider the advice of relevant experts and stakeholders as part of these efforts.

38. How would the elimination of the accredited investor definition, which would allow big companies to raise unlimited money in private markets, or other, similar restrictions on private market investors, incentivize public market offerings?

Answer: It is important that American capital markets – both private markets and public markets – are healthy and efficient. If confirmed as SEC Chairman, I would work closely with fellow SEC Commissioners and SEC staff to adopt policies that help make American private capital markets and public capital markets the best in the world.

39. Do you have concerns about the impact of the growth of private markets on public markets?

Answer: Well-functioning and healthy private capital markets and public capital markets are essential to America’s economic well-being. If confirmed as SEC Chairman, I would work closely with fellow SEC Commissioners and SEC staff to evaluate opportunities to reduce unnecessary barriers to capital formation in both private capital markets and public capital markets.

40. Many institutional investors have expressed concern about the lack of disclosures about both fees and performance in private funds.⁴⁵ Do you believe fund managers are sufficiently transparent about their funds’ fees and performance?

- a. If not, do you believe additional reforms are necessary to ensure Americans’ pension funds, charitable endowments, and other institutional investors are not misled about fees and performance in private markets?⁴⁶

Answer: As I stated during my confirmation hearing, institutional investors are typically well represented and negotiate for bespoke disclosures. To the extent any investor is provided

⁴⁵Wall Street Journal, “Pension Funds Want Private Equity to Open Up About Fees and Returns,” Matt Wirz, January 22, 2025, <https://www.wsj.com/finance/investing/pension-funds-want-private-equity-to-open-up-about-fees-and-returns-569d66d2>.

⁴⁶ Financial Times, “Private equity to lobby Donald Trump for access to savers’ retirements funds,” Antoine Gara, January 6, 2025, <https://www.ft.com/content/dddd1752-789a-40b6-9aa8-d7cf6f408c81>.

intentionally false or misleading material information, the SEC’s antifraud statutes prohibit that behavior and provide remedies.

Crypto Regulation and Enforcement

A. Crypto Regulatory Framework

41. In your view, should the SEC play a role in regulating the crypto spot market?

Answer: Digital assets represent an exciting new technology and many investors believe they will continue to become a promising asset class. Regulation by enforcement has proven to be a failed and costly strategy that provides no protection for investors or clarity for entrepreneurs, stifles innovation, and damages the SEC’s reputation. We need clear rules of the road for digital assets that take into account their unique aspects and provide certainty to both investors and digital asset entrepreneurs so that America can continue to be the home of innovation in the digital asset space, and so that digital asset companies are not driven overseas into jurisdictions where investors may not be protected. If confirmed, I look forward to working with Congress, my fellow Commissioners, and other state and federal financial regulators to establish clear, workable rules for the digital asset industry.

42. Securities issuers must regularly disclose certain information about the company and its financial products. These disclosures inform the investing public so they can make sound investing decisions.⁴⁷ What aspect of the SEC’s securities disclosure regime should crypto investors have? What aspects of the SEC’s securities disclosure regime should crypto investors not have?

Answer: Disclosure is fundamental to our system of securities regulation. Digital assets raise new and interesting questions as to what types of disclosure may or may not be appropriate or useful for new products. If confirmed, I look forward to working with Congress, my fellow Commissioners, and other state and federal financial regulators to establish clear, workable rules for the digital asset industry.

43. The SEC has won a number of legal victories relating to the Howey test. In March 2024, the Southern District of New York denied Coinbase’s motion to dismiss and allowed the SEC’s lawsuit against Coinbase to proceed. In its ruling, the court said “challenged transactions fall comfortably within the framework that courts have used to identify securities for nearly [80]

⁴⁷ Congressional Research Service, “SEC Securities Disclosure: Background and Policy Issues,” Eva Su, August 20, 2024, <https://sgp.fas.org/crs/misc/IF11256.pdf>.

years.”⁴⁸ Additionally, in August 2024, a court found that the SEC “plausibly alleged that at least some of the cryptocurrency transactions that Kraken facilitates on its network constitute investment contracts, and therefore securities, and are accordingly subject to securities laws.”⁴⁹

- a. Do you believe that *SEC v. W.J. Howey Co.* (Howey), the 1946 Supreme Court case that established a test for determining whether certain transactions qualify as investment contracts,⁵⁰ was rightly decided?
- b. How does Howey apply to tokens?
 - i. How does Howey apply to tokenized versions of traditional company securities?
 - ii. Do you agree that some crypto assets are securities under the Howey test, as numerous courts have concluded?⁵¹

Answer: Digital assets raise new and important questions for securities law, including as to what sorts of instruments are properly characterized as “investment contracts” and thus as securities, that could not have been foreseen in the 1930s when the Securities Act of 1933 and the Securities Exchange Act of 1934 were enacted, or in 1946 when *Howey* was decided. The Supreme Court’s opinions are an important source of authority on this topic, as will be any pertinent legislation this Congress may pass in the coming years.

B. Crypto Enforcement

44. Do you agree with the SEC’s decisions under Acting Chair Uyeda to drop the SEC’s lawsuits against Coinbase, Kraken, Ripple, Robinhood, Gemini, Yuga Labs, Consensys, Justin Sun

⁴⁸ Akin Gump Strauss Hauer & Feld LLP, “Coinbase Court Embraces ‘Ecosystem’ Approach to Identifying Crypto-Asset Securities,” Lance Jasper et al., April 3, 2024, <https://www.akingump.com/en/insights/alerts/coinbase-court-embraces-ecosystem-approach-to-identifying-crypto-asset-securities>.

⁴⁹ Morrison Foerster, “Top 5 SEC Enforcement Developments for August 2024,” September 24, 2024, <https://www.mofo.com/resources/insights/240924-top-5-sec-enforcement-developments-for-august-2024#>; Law360, “Kraken Must Face SEC’s Crypto Case Over Platform Sales,” Bonnie Eslinger, August 23, 2024, <https://www.law360.com/articles/1873144/kraken-must-face-sec-s-crypto-case-over-platform-sales>.

⁵⁰ *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946)

⁵¹ Thomson Reuters Practical Law, “Federal Courts Weigh in on Crypto-Asset Securities Under Howey Test in Coinbase and Kraken Cases,” October 23, 2024, [https://uk.practicallaw.thomsonreuters.com/w-044-7787?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/w-044-7787?transitionType=Default&contextData=(sc.Default)&firstPage=true); Norton Rose Fulbright, “Crypto tokens held to be ‘securities’ as a matter of law, in big win for SEC,” Robert A. Schwinger, January 2024, <https://www.nortonrosefulbright.com/en/knowledge/publications/16178e2d/crypto-tokens-held-to-be-securities-as-a-matter-of-law-in-big-win-for-sec>.

and his companies (including TRON), OpenSea, and Uniswap?⁵² In the case of Coinbase, the SEC Acting Chair Uyeda dropped the case with prejudice—barring the Commission from refiling it the case at a later date.⁵³ Should you be confirmed, will you provide the Committee with immediate access to information, including all records and communications, regarding the rationale to drop these cases?

45. The SEC has been pursuing a civil case against Binance, a digital assets platform, and its founder Changpeng Zhao.⁵⁴ Binance and Mr. Zhao previously pleaded guilty to criminal charges with the U.S. Department of Justice and face \$4 billion in fines.⁵⁵ Last month, the SEC and Binance asked the court for a 60 day stay of proceedings⁵⁶ in light of Acting Chair Uyeda’s establishment of the SEC’s Crypto Task Force.⁵⁷ The court filing indicated that the Commission approached Binance about requesting a stay.⁵⁸ On March 13, it was reported that representatives of President Trump’s family were in talks to acquire a financial stake in Binance, “a move that would put Trump in business with the firm that pleaded guilty in 2023 to violating anti-money-laundering requirements” and whose founder spent four months in prison after pleading guilty to a related charge.⁵⁹

- a. Were you consulted by Acting Chair Uyeda or any other SEC staff member about the Commission's request for a stay in the case against Binance and Mr. Zhao?

⁵² CCN, “SEC Crypto Reversals: Every Case It Dropped in 2025 and the Legal Battles Still Ahead,” Prashant Jha, March 4, 2025, <https://www.ccn.com/news/crypto/sec-crypto-reversals-2025-lawsuits/>.

⁵³ New York Times, “Coinbase Says S.E.C. Will Drop Crypto Lawsuit,” David Yaffe-Bellany and Matthew Goldstein, February 21, 2025, <https://www.nytimes.com/2025/02/21/technology/coinbase-sec-lawsuit.html>.

⁵⁴ Securities and Exchange Commission, “SEC Files 13 Charges Against Binance Entities and Founder Changpeng Zhao,” press release, June 5, 2023, <https://www.sec.gov/newsroom/press-releases/2023-101>.

⁵⁵ U.S. Attorney's Office, Western District of Washington, “Binance and CEO Plead Guilty to Federal Charges in \$4B Resolution,” press release, November 21, 2023, <https://www.justice.gov/usao-wdwa/pr/binance-and-ceo-plead-guilty-federal-charges-4b-resolution>.

⁵⁶ Bloomberg, “SEC, Binance Request 60-Day Pause of Lawsuit Against Exchange,” Emily Nicolle, February 11, 2025, <https://www.bloomberg.com/news/articles/2025-02-11/sec-binance-request-60-day-pause-of-lawsuit-against-exchange>.

⁵⁷ *Id.*, Securities and Exchange Commission, “Crypto Task Force,” <https://www.sec.gov/about/crypto-task-force>; Securities and Exchange Commission, “SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force,” press release, January 21, 2025, <https://www.sec.gov/newsroom/press-releases/2025-30>.

⁵⁸ Bloomberg, “SEC, Binance Request 60-Day Pause of Lawsuit Against Exchange,” Emily Nicolle, February 11, 2025, <https://www.bloomberg.com/news/articles/2025-02-11/sec-binance-request-60-day-pause-of-lawsuit-against-exchange>.

⁵⁹ Wall Street Journal, “Trump Family Has Held Deal Talks With Binance Following Crypto Exchange’s Guilty Plea,” Rebecca Ballhaus, Patricia Kowsmann, Angus Berwick, Josh Dawsey, Caitlin Ostroff, March 13, 2025, <https://www.wsj.com/finance/currencies/trump-family-has-held-deal-talks-with-binance-following-crypto-exchanges-guilty-plea-05b029fa>.

- b. Have you had any conversations with President Trump, any member of his family, or any representative of the President about Mr. Zhao or Binance?
 - c. Regardless of the ultimate recommendations of the Crypto Task Force, is it appropriate to proactively seek to pause civil enforcement against a company and founder who have already pleaded guilty to numerous criminal charges?
46. The SEC has also been pursuing a fraud lawsuit against Justin Sun, a cryptocurrency executive. Since November 2024, Sun has reportedly invested \$75 million in World Liberty Financial, a crypto venture launched by President Trump's family, and serves as an official adviser to the project.⁶⁰ Sun's purchase of \$75 million-worth of World Liberty Financial tokens "could set the Trump family up to eventually collect tens of millions of dollars, as the family is entitled to 75% of the tokens' revenues."⁶¹ On February 26, 2025, the SEC asked the court to pause the lawsuit, "underscoring the agency's dismantling of crypto enforcement under the Trump administration."⁶²
- a. Were you consulted by Acting Chair Uyeda or any other SEC staff member about the Commission's request for a stay in the case against Mr. Sun and his companies?
 - b. Have you had any conversations with President Trump, any member of his family, or any representative of the President about Mr. Sun or his companies, since the President named you as his nominee?

Answer 44-46: At this time, my only knowledge regarding the SEC's enforcement decisions relating to these cases derives from press reporting about them, and it would not be appropriate for me to opine on the merits of any of them. I have not discussed any case with Acting Chair Uyeda or President Trump. If confirmed, I look forward to working with Congress, my fellow Commissioners, and other state and federal financial regulators to establish clear, workable rules for the digital asset industry.

47. How will you apply market manipulation and insider trading rules to administration officials who are involved with digital asset ventures, including the President and his family and other outside advisors?

⁶⁰ Wall Street Journal, "SEC Weighing End to Lawsuit Against Justin Sun," Vicky Ge Huang and Dave Michaels, February 26, 2025, <https://www.wsj.com/livecoverage/nvidia-earnings-stock-market-today-02-26-2025/card/sec-weighing-end-to-lawsuit-against-justin-sun-GiFFKcKO6mwjE6bRwWbG>.

⁶¹ CNN, "A crypto mogul who invested millions into Trump coins is getting a reprieve on civil fraud charges," Allison Morrow, February 28, 2025, <https://www.cnn.com/2025/02/28/business/crypto-mogul-trump-coins-civil-fraud-charges/index.html>.

⁶² Wall Street Journal, "SEC Weighing End to Lawsuit Against Justin Sun," Vicky Ge Huang and Dave Michaels, February 26, 2025, <https://www.wsj.com/livecoverage/nvidia-earnings-stock-market-today-02-26-2025/card/sec-weighing-end-to-lawsuit-against-justin-sun-GiFFKcKO6mwjE6bRwWbG>.

Answer: Market manipulation and insider trading rules are important features of securities regulation. If confirmed, I look forward to working with Congress, my fellow Commissioners, and other state and federal financial regulators to establish clear, workable rules for the digital asset industry.

48. State securities regulators often partner and coordinate with the SEC to take action to protect investors and markets. In 2023, state securities regulators in both Republican and Democratic gubernatorial administrations pursued more 679 crypto investigations and enforcement actions.⁶³

- a. Will you continue to support collaboration with state regulators to address risks in crypto?
- b. Will you support legislative proposals for crypto regulation that would preempt state securities regulation?

Answer: Cross-regulator collaboration is an important part of an effective regulator's toolkit. If confirmed, I look forward to working with Congress, my fellow Commissioners, and other state and federal financial regulators to establish clear, workable rules for the digital asset industry.

C. Your Knowledge of Sam Bankman-Fried's Criminal Actions

49. Please describe how you were advising Mr. Bankman-Fried in the lead up to FTX's collapse.

50. How much, in total, were you and Patomak compensated for services provided to FTX, Mr. Bankman-Fried, or other FTX executives?

51. Were any of your earnings clawed back by the FTX bankruptcy trustee to give to wronged investors?

52. If FTX had complied with U.S. securities broker-dealer rules, such as the Customer Protection Rule, which requires firms to safeguard customer cash and segregate firm assets from customer assets, would that have protected customers from losing their funds?

53. Prior to FTX's collapse, did you know or have reason to believe the company misappropriated client funds? If so, when did you first become aware? Did you provide any information to the CFTC, DOJ, or SEC?

54. To what extent were you aware of FTX's risk management policies and procedures? Did you conduct due diligence to understand them, before taking them on as a client? If not, why not?

⁶³ North American Securities Administrators Association, "Enforcement Report," 2024, p. 4, https://www.nasaa.org/wp-content/uploads/2024/10/FINAL_2024-Enforcement-Report.pdf.

55. Did you have any understanding of the relationship between FTX and Alameda, a trading firm that invested heavily in FTX's crypto token, FTT?⁶⁴ If not, why not?
56. FTX raised its capital through a private offering.⁶⁵ You have advocated for expanding access to private markets, "cit[ing] factors creating an unfriendly environment for discouraging companies from going public."⁶⁶ If you, a securities expert and former SEC Commissioner, were unable to uncover that FTX was a scam, how would average investors be able to distinguish as much without proper disclosures?
57. When did you first become aware of Mr. Bankman-Fried's impending indictment? At any time, did Mr. Bankman-Fried or anyone associated with FTX request that you or anyone at your firm communicate with government agencies relating to any potential charges? If so, please describe any outreach by yourself or any employee of your firm on behalf of Mr. Bankman-Fried or FTX in relation to potential charges.
58. During your time advising FTX, the Commodities Futures Trading Commission (CFTC) was reviewing an application for FTX to consolidate and perform all of the functions of broker-dealers, exchanges, and clearing agencies: business entities that are historically kept apart in traditional securities markets due to unavoidable conflicts of interest.⁶⁷ Do you think crypto firms should be allowed to consolidate functions like broker-dealers, exchanges, and clearing agencies?
- a. If so, how would you sufficiently mitigate conflicts of interest and prevent self-dealing, market manipulation, and unauthorized comingling of customer assets?
 - b. Do you believe that a consolidated market structure like the one contemplated by FTX's application to the CFTC could create conflicts of interest that could not be mitigated?
 - c. Traditional financial intermediaries are subject to a number of conflict of interest and fiduciary standards. What aspect of traditional regulatory obligations do

⁶⁴ The New York Times, "How FTX's Sister Firm Brought the Crypto Exchange Down," Matthew Goldstein et al., November 18, 2022, <https://www.nytimes.com/2022/11/18/business/ftx-alameda-ties.html>.

⁶⁵ Wall Street Journal, "SEC Commissioner Calls for More Private-Company Disclosures, Citing FTX," Paul Kiernan, January 31, 2023, <https://www.wsj.com/livecoverage/stock-market-news-today-01-31-2023/card/sec-commissioner-calls-for-more-private-company-disclosures-citing-ftx-L1Pk1EHK30cdBAa42g4X>.

⁶⁶ Wall Street Journal, "The U.S. IPO Market Needs Saving. Could Paul Atkins Be the Answer?," Corrie Driebusch, February 9, 2025, <https://www.wsj.com/finance/regulation/ipo-market-sec-nominee-paul-atkins-76ebc8ce>.

⁶⁷ Thomson Reuters Practical Law, "FTX Affiliate Withdraws CFTC Application to Offer Disintermediated Retail Crypto Derivatives," November 15, 2022, [https://content.next.westlaw.com/practical-law/document/I4a35ee12650611ed8636e1a02dc72ff6/FTX-Affiliate-Withdraws-CFTC-Application-to-Offer-Disintermediated-Retail-Crypto-Derivatives?viewType=FullText&originationContext=document&transitionType=DocumentItem&ppcid=f2161b0b803545e0a690221ed71bd938&contextData=\(sc.RelatedInfo\)](https://content.next.westlaw.com/practical-law/document/I4a35ee12650611ed8636e1a02dc72ff6/FTX-Affiliate-Withdraws-CFTC-Application-to-Offer-Disintermediated-Retail-Crypto-Derivatives?viewType=FullText&originationContext=document&transitionType=DocumentItem&ppcid=f2161b0b803545e0a690221ed71bd938&contextData=(sc.RelatedInfo)).

crypto companies not need? Why do crypto investors not deserve the same protections as traditional financial investors?

Answer 49-58: I have never advised Mr. Bankman-Fried. I note that in connection with the nomination process, I filed an 84-page public financial disclosure that provides a full accounting of my recent clients in compliance with the applicable laws for Presidentially appointed, Senate-confirmed positions. In addition, I provided additional client-related information in response to the Committee’s thorough bipartisan due diligence process. In short, I have worked diligently throughout this process to respond to the Committee’s questionnaire and ensure that the public record is accurate and complete regarding my professional services.

The failure of FTX underscores the importance of clear, workable rules for digital assets in the United States. We need clear rules of the road for digital assets that take into account their unique aspects and provide certainty to both investors and digital asset entrepreneurs so that America can continue to be the home of innovation in the digital asset space, and so that digital asset companies are not driven overseas into jurisdictions where investors may not be protected. Digital assets raise new and important questions regarding market structure. It is important that regulation takes into account the effects of new technologies, which have historically been a key force driving changes in market structure. If confirmed, I look forward to working with Congress, my fellow Commissioners, and other state and federal financial regulators to establish clear, workable rules for the digital asset industry.

D. The Growth of Meme Coins

59. Do you agree that any securities analysis is fact specific and cannot be simplified into a blanket statement exempting “memes” entirely from securities laws?
60. Does the Staff Statement create a presumption that any coin claiming it is based on a “meme” falls outside of federal securities law?
61. The following disclaimer is viewable on the \$TRUMP coin’s website: “Trump Memes are intended to function as an expression of support for, and engagement with, the ideals and beliefs embodied by the symbol ‘\$TRUMP’ and the associated artwork, and are not intended to be, or to be the subject of, an investment opportunity, investment contract, or security of any type.”⁶⁸ Can a market participant disclaim away being an offer or sale of a security? Does saying “not intended to be, or to be the subject of, an investment opportunity, investment contract, or security of any type” make it so? If so, please cite relevant law, regulation or opinion.

Answer 59-61: The rise of meme coins and the regulatory circumstances surrounding them points to the need for a firm regulatory foundation for digital assets through a rational, coherent

⁶⁸ GetTrumpMemes.com, “Allocation,” <https://gettrumpmemes.com/#how-to>.

and principled approach. If confirmed, I am committed to working with my fellow Commissioners and Congress to provide clearer rules of the road for digital assets of all forms.

62. Do you agree that President Trump has a financial incentive to support the approval of the \$TRUMP ETF? If not, why not?

a. Has President Trump discussed this matter with you?

63. Do you think it would present a conflict of interest for you to approve the filing of the \$TRUMP ETF? If so, how would you mitigate the conflict? If not, why not?

Answer 62-63: I am not privy to any specifics related to this matter and it would be inappropriate for me to comment. The President has not discussed this matter with me. President Trump has vowed to get politics out of government enforcement actions. He has nominated me to help ensure the SEC abides by its tripartite mission, statutory authority, and follow the law. As stated in my opening remarks, should I be confirmed “I will strive to protect investors from fraud, to keep politics out of how our securities laws and regulations are applied, and to advance clear rules of the road that encourage investment in our economy to the benefit of all Americans.”

Backdating Executive Stock Options

64. Beginning in 2006, the SEC engaged in an effort to crack down on a form of insider trading called backdating.⁶⁹ Companies forged official documents to “backdate” the stock awards given to executives by retroactively awarding stock on days preceding sharp stock price increases, allowing executives to circumvent tax laws and company reporting requirements.⁷⁰ Then-Chairman of the Senate Committee on Banking, Housing, and Urban Affairs Richard Shelby said that options backdating “appears to be a black-and-white example of securities fraud.”⁷¹ In a 2006 speech, you defended backdating and questioned “whether there is a legitimate legal rationale for pursuing any theory of insider trading in connection with options grants” because boards of directors “should use all the information that they have at

⁶⁹ NBC News, “SEC to clarify rules on backdating of options,” Kathleen Day, June 14, 2006, <https://www.nbcnews.com/id/wbna13306323>.

⁷⁰ CLS Blue Sky Blog, “How Auditors Helped Spread Stock-Option Backdating,” Ahraon Mohliver, August 17, 2022, <https://clsbluesky.law.columbia.edu/2022/08/17/how-auditors-helped-spread-stock-option-backdating/>.

⁷¹ Senate Committee on Banking, Housing, and Urban Affairs, “The Practice of Retroactively Changing Grant Dates in Order for Executives to Benefit from a Lower Exercise Price,” September 6, 2006, <https://www.govinfo.gov/content/pkg/CHRG-109shrg50300/html/CHRG-109shrg50300.htm>.

hand to make option grant decisions” and do so “in a way that gets the biggest bang for the buck.”⁷² Do you still believe that options backdating should be legal?

65. How do you distinguish what you perceive as legal options backdating from other forms of corporate fraud and theft?

66. How does what you perceive as legal options backdating benefit investors and capital formation?

Answer 64-66: Intentional backdating of records for a fraudulent purpose is illegal. Fraud and theft are illegal and do not benefit investors or capital formation. My objection in 2006 concerned allegations that grants of options and repricing of existing grants of options by boards of directors were “insider trading.” At the time there were allegations of “executives and directors conspiring to manipulate stock option prices for their own gain, or purposefully ‘backdating’ options grants, in contravention of the company’s public disclosure, to avoid recognizing compensation expenses.” Such activity, depending on the facts, could be illegal in many ways, including fraud under Rule 10b-5. My clarification was that an *insider trading* theory was not necessarily appropriate in many of the factual scenarios. Please see my speech to the International Corporate Governance Network 11th Annual Conference on 6 July 2006 at: <https://www.sec.gov/news/speech/2006/spch070606psa.htm>

67. Are there other examples of manipulating financial statements retroactively that should be legalized?

Answer: Intentional manipulation of financial records for a fraudulent purpose is illegal.

68. In December 2022, SEC commissioners voted unanimously to amend Rule 10b5-1, which provides corporate executives with a safe harbor to trade their companies’ stock.⁷³ They did so because of concerns that insiders were gaming the rule, trying to take advantage of its protections while trading on the basis of material nonpublic information.⁷⁴ Do you agree with

⁷² Securities and Exchange Commission, “Speech by SEC Commissioner: Remarks Before the International Corporate Governance Network 11th Annual Conference,” July 6, 2006, <https://www.sec.gov/news/speech/2006/spch070606psa.htm>.

⁷³ Securities and Exchange Commission, “SEC Adopts Amendments to Modernize Rule 10b5-1 Insider Trading Plans and Related Disclosures,” press release, December 14, 2022, <https://www.sec.gov/newsroom/press-releases/2022-222>.

⁷⁴ *Id.*

the five SEC commissioners who approved these amendments that they were a good idea to promote basic fairness in our capital markets?

Answer: Yes. The changes to Rule 10b5-1 were intended to address questions and controversy that have arisen in the two decades since the rule was adopted. This continues to be an evolving area of securities law that I look forward to monitoring if confirmed.

Emerging Market Risks

A. Gamification of Trading

69. Do you believe that allowing the gamification of the stock market is consistent with the SEC’s mission of “protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation?”⁷⁵

70. Would you pursue rules to protect investors from churn-promoting gamification strategies and other conflicted transactions by brokers that can damage long-term returns?

71. Do you believe that there is a conflict of interest when an app that says it earns zero commission is in fact earning revenue on people’s trading?

Answer 69-71: I believe innovative solutions that lower the barriers to entry for new investors into the market is a positive advancement. If confirmed, I will support a balanced approach to regulations, ensuring these innovations serve the best interest of investors and foster the development of solutions that promote market efficiency.

D. Short-Dated Options

72. Short-dated options are a type of option trade that allows traders to leverage their stock positions within a short time frame. Trading in short-dated (even zero-days-to-expiration, or “0DTE”) options has increased substantially, with trading in short-dated S&P 500 index options more than doubling in volume since 2022.⁷⁶ Some market observers have raised concerns that 0DTEs may contribute to market volatility, particularly in times of stress.⁷⁷ This is because options allow traders to leverage their positions, which allows small moves in the stocks to result in “huge moves” for 0DTE options.⁷⁸ President Trump’s previous SEC

⁷⁵ Securities and Exchange Commission, “Mission,” <https://www.sec.gov/about/mission>.

⁷⁶ Bloomberg, “Zero-Day Options Boom Will Only Grow Even As Some Investors Fear Disaster,” Sam Potter and Lu Wang, May 6, 2024, <https://www.bloomberg.com/news/articles/2024-05-06/zero-day-options-booms-to-grow-some-investors-concerned-it-will-end-in-disaster>.

⁷⁷ *Id.*

⁷⁸ Nasdaq, “Short-Term Dated Options Could Exacerbate Market Volatility,” April 3, 2023, <https://www.nasdaq.com/articles/short-term-dated-options-could-exacerbate-market-volatility>.

Chairman, Jay Clayton, has said that he believes 0DTE options constitute “gambling” and should not be allowed.⁷⁹ Do you share these concerns?

73. There are reports that some industry participants will ask the SEC to approve trading in short-dated single-stock options.⁸⁰ Unlike existing index-based 0DTE options, which settle in cash, these single-stock options would be settled in company shares, putting individual investors at risk of being stuck with large numbers of shares of a company that may report share-price-destroying news before they have an opportunity to sell their shares. Do you believe that the approval of single-stock 0DTEs would be consistent with the SEC’s mission to protect investors?

Answer 72-73: With every new development in the markets, the SEC must weigh the benefits and risks it poses to investors. At the same time, the SEC is not a merit regulator. If confirmed, I am committed to maintaining market stability and protecting investors, and I will carefully consider any new financial product to ensure it aligns with the SEC’s mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

E. Artificial Intelligence

74. Do you see any potential concerns with the integration of AI into our financial system? Please explain if there is risk associated with financial stability, fraud, conflicts of interest, bias, and deception.
75. In your view, are there opportunities for the SEC to improve its efficiency and regulatory effectiveness by deploying AI? What barriers stand in the way of further deployment?

Answer 74-75: The SEC’s technology-neutral regulatory approach has allowed the agency to adapt and respond to the ever-changing developments in market functionality, from the era of verbal agreements, the telephone, and now to the digital age. If confirmed, I will support a balanced approach to regulations, ensuring these innovations serve the best interest of investors and foster the development of solutions that promote market efficiency.

Public Company Governance and Shareholder Rights

76. What, if any, regulatory action would you support taking related to shareholder proposals and proxy voting?

⁷⁹ Wall Street Journal, “Is One-Day Options Trading Gambling? Ex-SEC Chairman Says Yes,” Gunjan Banerji, March 7, 2024, <https://www.wsj.com/livecoverage/stock-market-today-dow-jones-03-07-2024/card/is-one-day-options-trading-gambling-ex-sec-chairman-says-yes-oRYrKH0S1SKXxyGhRsrJ>.

⁸⁰ Wall Street Journal, “The Boom in Zero-Day Options is Coming for Tesla and Nvidia,” Alexander Osipovich, September 9, 2024, <https://www.wsj.com/finance/stocks/the-boom-in-zero-day-options-is-coming-for-tesla-and-nvidia-89a62e59>.

77. Were you consulted by Acting Chairman Mark Uyeda or any staff of the Commission before the issuance of Staff Legal Bulletin No. 14M? If so, what was the nature of your input into the bulletin?
78. Would you retain the policy approach outlined in Bulletin No. 14M? Why or why not?
79. Do you believe in stripping shareholders of their right to file proposals with the companies they are invested in?
80. Absent shareholder proposals, how can investors hold boards and executives of big corporations accountable for their actions and performance?

Answer 76-80: I was not consulted by Acting Chairman Uyeda or any SEC staff before the issuance of Staff Legal Bulletin No. 14M. Unfortunately, the shareholder proposal process has at times fallen prey to political agendas at the expense of investors. I believe actions like Staff Legal Bulletin No. 14M can serve as a positive step towards protecting shareholders' interest, providing clear guidelines when determining if shareholder proposals are aligned with a company's long-term value. If confirmed, I vow to pursue a regulatory approach that is consistent with the SEC's mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

81. On February 11, 2025, Exchange Act Section 13 Compliance and Disclosure Interpretation ("CD&I") question 103.12 was posted to the SEC website.⁸¹ CD&Is are prepared by Commission staff and are not binding on the Commission, but are looked to by industry for guidance on how SEC staff interpret provisions of the securities laws. CD&I 103.12 states that asset managers (such as managers of index funds) may not be treated as passive investors by the SEC if the asset manager "engages with the issuer's management to specifically call for [...] the election of director nominees other than the issuer's nominees." Passive investments now represent a majority of the U.S. stock and bond markets.⁸² Restricting or eliminating the potential for those votes to oppose management's director nominees would remove one of the few checks on poor company leadership, promote the interests of entrenched executives, and ultimately reduce share value for all shareholders.

- a. Were you consulted by Acting Chair Uyeda or any SEC staff prior to the release of CD&I 103.12 regarding the commission's interpretation of Exchange Act Rules 13d-1(b) or 13d-1(c)? If so, what was the nature of those discussions?
- b. Do you support the interpretation of Rule 13d-1 outlined in CD&I 103.12?

⁸¹ Securities and Exchange Commission, "Exchange Act Sections 13(d) and 13(g) and Regulation 13D-G Beneficial Ownership Reporting," February 11, 2025, <https://www.sec.gov/rules-regulations/staff-guidance/compliance-disclosure-interpretations/exchange-act-sections-13d-13g-regulation-13d-g-beneficial-ownership-reporting>.

⁸² Bloomberg Professional, "Passive's no bubble as active retains market control," Athanasios Psarofagis, January 31, 2025, <https://www.bloomberg.com/professional/insights/trading/passives-no-bubble-as-active-retains-market-control/>.

Answer: I was not consulted by Acting Chair Uyeda or any SEC staff prior to the release of CD&I 103.12. The CD&I seeks to clarify the distinction of active and passive investors based on their level of engagement, providing the markets with clarity and transparency. If confirmed, I look forward to ensuring investors have access to essential information needed to make informed decisions on their investments.

The Dodd-Frank Act and the Financial Stability Oversight Council

82. Do you believe the SEC has a responsibility to address risks to financial stability within its jurisdiction, in line with its statutory mandate?

Answer: I believe that it is essential for the SEC to carry out its statutory responsibilities. If confirmed as SEC Chairman, I would work closely with my fellow Commissioners and the SEC staff to ensure that the SEC effectively carries out its statutory responsibilities in a way that reflects Congressional intent.

83. With regard to FSOC, do you still hold the above views? In providing your answer, please also describe how you plan to approach your role on FSOC should you be confirmed as chair of the SEC.

Answer: The SEC Chairman serves as a voting member of the Financial Stability Oversight Council. If confirmed as SEC Chairman, I look forward to carrying out the statutory responsibilities related to this responsibility.

84. Should Congress abolish FSOC?

Answer: If confirmed as SEC Chairman, I would welcome the opportunity to advise on any Congressional efforts aimed at changing how U.S. capital markets are regulated.

85. What factors should FSOC consider before designating an entity as a SIFI?

Answer: The Department of the Treasury plays a critical role in establishing procedural guidance for the Financial Stability Oversight Council. If confirmed as SEC Chairman, my participation in FSOC would be constrained by any guidance established by Treasury and by relevant statutory requirements. It would be premature and inappropriate for me to, at this time, advise on or suggest changes to FSOC's existing processes and practices. I have full faith that Secretary Bessent will lead the FSOC in considering any appropriate improvements to FSOC procedures during his tenure as Treasury Secretary, and I will support efforts to improve U.S. financial regulation.

86. Do you believe that across the financial system, including asset management firms, private equity and hedge funds, insurance companies, nonbank mortgage companies, and other nonbanks, there is not a single nonbank financial firm whose failure or ongoing activities could disrupt financial stability?

Answer: If confirmed as SEC Chairman, I will faithfully carry out my responsibilities as a member of the Financial Stability Oversight Council. This would necessarily include supporting FSOC’s statutory requirements related to the identification of certain potential risks to financial stability. I do not believe it is appropriate for me to pre-judge what could or could not be potential risks to financial stability at this time.

87. FSOC, bank executives like JPMorgan CEO Jamie Dimon, and organizations like the International Monetary Fund have warned that private credit is a growing systemic risk.⁸³ Does the SEC have tools to address the risks posed by private credit? If so, what tools can the SEC deploy to address risks posed by private credit?

Answer: I understand that FSOC reports produced by the Biden Administration identified growing and potential “systemic” risks emanating from a wide range of varying areas of the financial sector. If confirmed as SEC Chairman, I look forward to working with Secretary Bessent and other members of FSOC to, among other things, identify public policies that distort financial markets and exacerbate risks in the financial system. It will also be important to review past FSOC actions and activities.

88. Are you troubled by the collective failure of the six financial regulators, including the SEC, to comply with the Congressional mandate to promulgate a rule under Dodd-Frank Section 956 designed to disclose and limit executive compensation arrangements that incentivize risky behavior? Will you work toward ensuring that the mandate is fulfilled?

Answer: If confirmed as SEC Chairman, I will work diligently to lead the SEC so that it can successfully fulfill its various statutory responsibilities.

89. Section 921 of Dodd-Frank gives the SEC the authority to prohibit the use of forced arbitration by broker-dealers when it is “in the public interest and for the protection of investors.”⁸⁴ Will you finalize this rulemaking?

⁸³ New York Times, “Wall St. is Minting Easy Money From Risky Loans. What Could Go Wrong?,” Rob Copeland and Maureen Farrell,” December 27, 2024, <https://www.nytimes.com/2024/12/27/business/wall-st-private-credit-money.html>; Financial Stability Oversight Council, “2024 Annual Report,” 2024, pp. 35-38, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

⁸⁴ Congressional Research Service, “The Dodd-Frank Wall Street Reform and Consumer Protection Act: Title IX, Investor Protection,” November 24, 2010, p. 3, <https://www.congress.gov/crs-product/R41503>.

90. Almost fifteen years ago, Section 929X of the Dodd-Frank Act⁸⁵ required the SEC to issue rules to make certain data related to short sales publicly available. In 2023, the SEC finally fulfilled this requirement by adopting Exchange Act Rule 13f-2 to require institutional investment managers to report on Form SHO certain short position and short activity data for equity securities, which the SEC would aggregate and publish.⁸⁶ The initial compliance date for the rule was January 2, 2025. But on February 7, 2025, the Commission announced it was delaying the compliance date by a full year—six months longer than industry groups had requested.⁸⁷ Will you commit to ensuring that Congress’ intent in enacting Section 929X of Dodd-Frank to increase transparency around short sales is fulfilled by allowing Exchange Act Rule 13f-2 to go into effect with no further delays?

Answer 89-90: If confirmed as SEC Chairman, I will work with SEC staff and my fellow Commissioners to identify potential regulatory actions that are authorized under the SEC’s statutory authority and can enable the SEC to better carry out its three-fold mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

91. In a speech critiquing Dodd-Frank, you said the bill “is 2,319 pages long and contains demands for more than 500 new rules and studies, which have produced so far tens of thousands of pages of regulations.”⁸⁸ I share your concerns about the law’s regulatory complexity. Do you support simpler, more structural rules and laws in the financial regulatory system, such as the *Glass-Steagall Act*?

Answer: If confirmed as SEC Chairman, I look forward to working with Congress to identify potential opportunities to make U.S. financial regulation less complicated. I generally support simpler regulations to complex regulations.

Financial Penalties

92. You have repeatedly argued against levying corporate penalties. You have said, “Unless the corporation is inherently a criminal enterprise, or the shareholders themselves have somehow benefited from the fraud to the detriment of other corporations or the marketplace as a whole, fines against shareholders do not seem to be appropriate. And even in those circumstances a

⁸⁵ Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law, 111–203.

⁸⁶ 88 CFR 75100; 17 CFR § 240.13f-2.

⁸⁷ Securities and Exchange Commission, “Exemption From Exchange Act Rule 13f-2 and Related Form SHO,” press release, <https://www.sec.gov/newsroom/press-releases/2025-37>; Securities and Exchange Commission. Release No. 34-102380, p. 3, <https://www.sec.gov/files/rules/exorders/2025/34-102380.pdf>.

⁸⁸ Investment Adviser Association, “Remarks by Paul Atkins at the Investment Adviser Association Compliance Conference,” March 5, 2015, p. 1, <https://www.brookings.edu/wp-content/uploads/2015/04/Paul-Atkins-IAA-Speech.pdf>.

penalty may not be the right remedy.”⁸⁹ You have also said, “as both a philosophical and practical matter, the effectiveness of a corporate penalty as a means for deterrence is questionable.”⁹⁰ Do you still hold these views, and do you intend to put in place a program of reduced fines when companies break SEC rules?

93. What other enforcement tools, besides fines against corporations, will you prioritize if you are confirmed as Chair?
94. Do you believe the SEC should place greater emphasis on holding individual executives accountable and subjecting them to rigorous enforcement actions, civil monetary penalties, and disgorgement and restitution orders, with criminal referrals?
- a. Do you commit to doing so even when the executives of giant corporations break the law?
 - b. Do you commit to doing so even if the executives may be allies or associates of President Trump?
95. Do you believe the SEC can only disgorge a wrongdoer’s ill-gotten profits if the funds are feasibly distributed to investors? In circumstances where distribution is not feasible, should wrongdoers simply profit from their misconduct?

Answer 92-95: Investor protection is a core tenet of the SEC’s mission. If confirmed by the Senate, the law, fairness, and impartiality will guide enforcement efforts.

Conflicts of Interest

96. Why did you refuse to endorse the Committee on Economic Development’s “Crony Capitalism” report?

Answer: I do not recall this report or a decision on endorsement or lack of endorsement.

97. You have advised many financial firms that are regulated by the SEC⁹¹ throughout your 16 years at Patomak. Please provide a comprehensive client list for Patomak Global Partners for the length of your employment with the firm.

⁸⁹ Securities and Exchange Commission, “Remarks by Commissioner Paul Atkins at the American Chamber of Commerce in Japan,” October 16, 2007, <https://www.sec.gov/news/speech/2007/spch101607psa.htm>.

⁹⁰ Fordham Journal of Corporate & Financial Law, “Evaluating the Mission: A Critical Review of the History and Evolution of the SEC Enforcement Program,” Paul S. Atkins and Bradley J. Bondi, 2008, p. 401, <https://ir.lawnet.fordham.edu/jcfl/vol13/iss3/1/>.

⁹¹ On file with the Committee on Banking, Housing, and Urban Affairs.

Answer: Since my nomination, I have worked diligently to ensure that the public record contains an accurate and complete disclosure of my financial holdings, positions, and arrangements. I filed an 84-page public financial disclosure, which includes the names of all clients to which I provided services in excess of \$5,000 in 2023, 2024 and 2025, as required by the Ethics in Government Act. Following that filing, I engaged in a thorough and intensive review of this information with the SEC's Designated Agency Ethics Official ("SEC DAEO") and the Office of Government Ethics ("OGE"). After their comprehensive review of my filing and my responses to their detailed follow up inquiries, I consented to an ethics agreement in which I agreed to resign from more than a dozen positions and to divest more than 150 financial holdings. As a result, OGE and the SEC DAEO have certified that I am in compliance with the applicable laws and regulations governing conflicts of interest. In addition, I have provided this Committee with additional client information, beyond the requirements of the Ethics in Government Act, in order to assist the Senate in upholding its constitutional advice and consent duties. In short, I have met or exceeded the same standard that the Committee has applied to prior nominees of both parties to serve in the position for which I have been nominated.

98. Do you commit to recusing yourself from all matters relating to any current or former client of Patomak Global Partners?

Answer: I take seriously the obligations of SEC Chairman and, if confirmed, I will uphold the oath to faithfully discharge my duties, including the recusal commitments that I have made as part of my ethics agreement. As a result, OGE and the SEC DAEO have certified that I am in compliance with the applicable laws and regulations governing conflicts of interest. Should I be confirmed, I will continue to consult with the SEC's DAEO and act in accordance with all applicable conflicts of interest laws and regulations.

99. Please provide the Committee with any valuation models and estimates that were used to establish a target sales price for your stake in Patomak Global Partners.

100. Please identify the external buyers of Patomak Global Partners and the terms of the acquisition. Please identify any internal buyers of Patomak Global Partners and the terms of the acquisition.

101. Are any parties to the transaction, internal or external, using financing to complete the acquisition? If so, please list the financial institutions or other persons providing the financing and the terms of the financing.

102. Do any of the external acquirers have, or could reasonably expect to have, pending business before the SEC?

Answer 99- 102: In connection with the nomination process, I consulted with the Office of Government Ethics and the SEC's Designated Agency Ethics Officials to ensure that any divestitures required by my ethics agreement, including the divestiture of Patomak Global Partners, will be accomplished in full compliance with the law and governing regulations. Based

upon these discussions, their review of my disclosures and the commitments in my ethics agreement, the Office of Government Ethics and the SEC's Designated Agency Ethics Official have certified that I am in compliance with the applicable laws and regulations governing conflicts of interest.

103. The SEC has numerous ongoing investigations of individuals associated with President Trump, including family members, advisors, and longtime associates. Will you commit to allowing non-political staff at SEC to conduct these investigations without interference? Will you commit to following staff recommendations for enforcement or other matters involving these individuals?

104. To the extent that, in the future, SEC staff recommends opening an investigation into President Trump and/or individuals associated with him, including family members, advisors, and associates, will you follow these recommendations and avoid interfering in these cases?

Answer 103-104: The SEC's enforcement powers are an important tool in ensuring the agency achieves its goals of investor protection; fair, orderly, and efficient markets; and capital formation. If confirmed, I will ensure that enforcement proceedings are initiated where appropriate, based on the facts and circumstances of each case presented to me.

105. During your conversations with President Trump, or any of his advisers or transition team members, were there any discussions of specific SEC cases or investigations? If so, please list each conversation, the nature of the conversation, and which specific entities were discussed.

Answer: No.

106. Do you commit to providing a complete list of your expert witness testimony and reports?

107. Please list all meetings and conversations you have taken as an employee of Patomak with companies under the SEC's jurisdiction since President Trump announced his intention to nominate you as Chair of the SEC.

Answer 106-107: Since my nomination, I have worked diligently to ensure that the public record contains an accurate and complete disclosure of my financial holdings, positions, and arrangements. I filed an 84-page public financial disclosure, which includes the names of all clients to which I provided services in excess of \$5,000 in 2023, 2024 and 2025, as required by the Ethics in Government Act. As a result, OGE and the SEC DAEO have certified that I am in compliance with the applicable laws and regulations governing conflicts of interest. In addition, I have provided this Committee with additional client information, beyond the requirements of the Ethics in Government Act, in order to assist the Senate in upholding its constitutional advice

and consent duties. In short, I have met or exceeded the same standard that the Committee has applied to prior nominees of both parties to serve in the position for which I have been nominated.

108. Have you communicated with Acting Chair Uyeda or Commissioner Peirce since you were nominated by President Trump? Please provide the date(s) of any such communications, method of communications (e.g., phone, email, text message, etc.), and a summary of any Commission business that was discussed.

Answer: Out of respect for this process, I have avoided discussing any specific Commission business with Acting Chair Uyeda, Commissioner Peirce, or former Chairman Gensler since my nomination.

Nomination

109. During or leading up to the selection of your nomination, did anyone on the Trump campaign, transition team, or other closely related entity approach you about your loyalty to President-elect Trump? Did you sign a loyalty pledge or other similar oath?

Answer: No. If confirmed, I will take an oath to support and defend the Constitution of the United States. I intend to discharge my obligations faithfully, as I did during my prior tenure as a Commissioner of the SEC.

110. During or leading up to the selection of your nomination, did you discuss Project 2025 with any officials directly or associated with the Trump campaign or the Trump transition team? If so, please explain.

Answer: No.

111. During or leading up to the selection of your nomination, did you discuss Project 2025 with any officials directly or associated with the Heritage Foundation? If so, please explain.

Answer: No. As I testified at my hearing, the extent of my involvement with Project 2025 was minimal. As the Project 2025 document plainly states, “[t]he author alone [David R. Burton] assumes responsibility for the content of this chapter [Securities and Exchange Commission and Related Agencies], and no views expressed herein should be attributed to any other individual.”

112. Please provide a comprehensive list of the people who approached you about joining the administration.

Answer: While there a various conversations, the ultimate decision to nominate me was made and announced by the President subsequent to my meeting with him.

113. Did any person provide advice to you, oral or written, on your responses to these questions? If so, please provide a comprehensive list of the individuals or organizations that provided assistance.

Answer: All responses to these questions are my own.

Congressional Oversight and Whistleblower Protection

114. If confirmed, will you commit to making yourself and any other politically appointed employee of SEC available to provide testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chair or Ranking Member?

Answer: If confirmed, I commit to work with the Committee to make myself and other politically appointed employees of the SEC available to the Committee as appropriate.

115. If confirmed, will you commit to fully complying with all information requests from me and responding to those requests in a timely manner?

Answer: If confirmed, I will respond to information requests as appropriate.

116. If confirmed, do you intend to respond to congressional information requests differently depending on who is making the request?

Answer: If confirmed, I will respond to information requests as appropriate.

117. If confirmed, will you commit to complying with any federal protections for whistleblowers?

Answer: If confirmed, I will comply will all applicable federal laws.