FRENCH HILL, AR
CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA
RANKING MEMBER

December 29, 2025

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Hill:

I request that you schedule a full Committee oversight hearing with Securities and Exchange Commission (SEC) Chairman Paul Atkins. As you know, our Committee has a responsibility to oversee our nation's securities laws, and to review how the SEC's implementation of the law affects investor protection, market efficiency and competition. When I served as Chairwoman, Chair Gensler testified before the Committee twice during his first year. Despite having a clear obligation to oversee the SEC, the Committee has not held a single hearing with Chairman Atkins, despite the agency's rapid, significant, and questionable policy shifts during the Trump Administration, largely accomplished by unilateral action by the Chairman.

Specifically, the Committee needs to promptly oversee the SEC's actions in the following areas:

1. <u>SEC independence and politicization:</u> Congress designed the SEC to be independent of the White House. Yet, Chairman Atkins repeatedly frames the agency's agenda as an instrument of the Administration.[1] This politicization threatens market integrity, particularly regarding insider trading around market-moving policy announcements. Reports of suspicious trading preceding the President's tariff pause,[2] and volatility surrounding interventions in Argentina,[3] raise serious questions about manipulation. The Committee must examine whether the SEC is adequately policing these risks and what it is doing regarding its statutorily-mandated independence.
2. <u>The dismissal of major crypto enforcement actions:</u> The SEC has terminated or stayed major enforcement actions against multiple crypto companies and individuals that had been credibly accused of major violations of our securities laws, including Coinbase, Binance, and Justin Sun.[4] In some of these cases, the defendants had announced that the SEC had terminated enforcement actions even before the Commission had taken the actual vote to do so.[5] Reports also suggest that the Chairman's office took an unusually active role in negotiating an end to these cases.[6] The Committee has not scrutinized the SEC's rationale for abandoning these matters, nor how the agency intends to deter fraud and manipulation in markets touching millions of retail investors.
3. <u>Shrouding policymaking in darkness</u>: The SEC under Chairman Atkins has generally adopted an approach to policymaking that eschews notice-and-comment rulemaking in favor of staff statements and extending the compliance dates of Commission rules.[7] This approach flouts the SEC's legal obligations under the Administrative Procedure Act, excludes the vital role public comment provides in identifying issues, and hides from Congressional and public view

precisely what interests are influencing SEC decision-making, so that we cannot weigh the motives of those parties molding SEC policy. For instance:

a. The withdrawal of pending investor-protection rulemakings: In June, the SEC withdrew fourteen proposed rulemakings, including protections regarding Artificial Intelligence (predictive data analytics), cybersecurity, and market structure reforms relating to best execution and order competition (issues that were central to our work in 117th Congress related to the events surrounding the manipulation of GameStop stock.[8] The withdrawal of these pro-investor reforms weakens market transparency, integrity, and resiliency. Yet the Committee has not required the SEC to justify these withdrawals, identify which (if any) investor-protection priorities will be re-proposed, or explain what empirical analysis the SEC relied upon in reversing course.
b. Delays to hedge fund and private fund transparency: The Commission has repeatedly extended compliance for Form PF amendments, a core tool for monitoring financial stability.[9] Our Committee must hear from the SEC about how it will monitor systemic risk, including protecting pension beneficiaries exposed to private markets.
c. Reducing transparency in short-selling and securities-lending: The SEC, under Chair Atkins, extended compliance dates for short-sale and securities lending reporting well into 2028.[10] Investor advocates warn this effectively kills transparency reforms designed to detect manipulation.
d. Erosion of shareholder rights: The Division of Corporation Finance, following explicit instructions from Chairman Atkins, announced it will largely cease issuing no-action responses for shareholder proposal exclusions.[11] The SEC also issued a policy statement that allows issuers to dramatically limit private rights of action by binding investors to mandatory arbitration clauses.[12] These moves could embolden executives to ignore shareholder proposals and silence harmed investors.

4. Deregulating the securities markets: When the SEC does pursue notice-and-comment rulemaking, it is doing so as a means to remove guardrails meant to protect investors and make financial firms wealthier. The SEC's Spring 2025 Regulatory Flexibility Agenda details the agency's consideration of rollbacks to the universe of companies that must register with the SEC, reductions in disclosures to investors, and expansion of risky private assets available to Americans saving for retirement.[13] We have not had the opportunity to examine Chairman Atkins's deregulatory agenda, which SEC Commissioner Caroline Crenshaw compared to the period prior to the stock market crash in 1929.[14]
5. Abandonment of climate-risk disclosure: Investors have repeatedly demanded standardized, comparable, decision-useful information regarding material climate-related financial risks and corporate governance.[15] The SEC nevertheless voted to end its defense of the climate-related disclosure rules finalized under the prior Commission, after earlier seeking to pause litigation to reassess the rules.[16] The Committee has not examined how the SEC weighed investor demand for such risk disclosures against issuer opposition, nor how the agency plans to ensure that public-company disclosures keeps pace with material, market-wide risk.
6. Weakening market surveillance: Chairman Atkins described a notice-first enforcement approach, notifying registrants of technical violations prior to initiating an enforcement action.[17] At the same time, the SEC is taking steps to restructure the Consolidated Audit Trail (CAT), which is essential for detecting insider trading; any effort to narrow its utility warrants direct oversight to ensure this Committee does not enable market manipulation.[18]

7. Reduction of corporate reporting: Chairman Atkins stated the SEC is fast-tracking a proposal to reduce the frequency of corporate reporting, following a tweet by President Trump wherein he stated that the United States should eliminate quarterly reporting for public companies.[19] While the disincentives of quarterly reporting and corporate short-term decision making deserve serious consideration, simply abandoning quarterly reporting reduces timely disclosure and increases volatility.[20] We need to examine the legal pathway and market impact of reducing timely disclosures to investors.
8. Audit oversight and the PCAOB: Audit quality and auditor accountability are foundational investor protections. The SEC's leadership changes and oversight posture toward the Public Company Accounting Oversight Board[21]—including the resignation of PCAOB Chair Erica Williams at the request of SEC leadership[22]—raise serious questions about the independence and rigor of audit oversight at a time of heightened fraud risk and market complexity. Given these developments, the Committee has to examine how the SEC intends to ensure rigorous audit oversight and enforcement continuity.
9. Staffing: As of May 2025, "data, obtained by Reuters through a public records request, show those divisions at the U.S. Securities and Exchange Commission lost 15% to 19% of their full-time headcount over the course of several weeks, representing a significant workforce drawdown."[23] We must assess the operational impact of the recent mass exodus of senior career staff from the SEC, including in the Divisions of Enforcement, Trading and Markets, and Corporation Finance and whether the agency has the human capital necessary to accomplish its mission and do the job Congress requires it to do.
10. Ethics and conflicts of interest: Given the Chairman's recent private sector roles, the Committee must ensure that deregulatory actions taken under the Chairman's direction are based on data, not previous client preferences or the preferences of persons affiliated with President Trump.[24] We need to review the agency's recusal and ethics compliance regarding these specific rule withdrawals.

Given the breadth of these developments, I urge you to convene a hearing with Chairman Atkins as soon as practicable when Congress returns. The Committee's oversight obligation is not optional. Investors, retirees, and working families deserve transparency and accountability.

Sincerely,

Maxine Waters

Representative Maxine Waters
Ranking Member