SEC Developments

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SEC - Current SEC commissioners

Mission

- To protect investors
- Maintain fair, orderly and efficient markets
- Facilitate capital formation

Chair	Commissioners			
Paul Atkins Since 2025 Term exp. 2026† **Republican**	**Mark Uyeda** Since 2022 Term exp. 2028 **Republican**	**Caroline Crenshaw** Since 2020 Term exp. 2024* **Democrat**	**Hester Peirce** Since 2018 Term exp. 2025 **Republican**	**Vacant**

† Paul Atkins was approved to serve for the remainder of Gary Gensler's term, which expires June 2026

* Commissioners may serve up to 18 months beyond the expiration of their terms

Sourced from https://www.sec.gov/about/commissioners/

“It is a new day at the SEC”

- Paul Atkins, SEC Chairman, May 19, 2025

Mission

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Paul Atkins

Background

- SEC Commissioner 2002-2008
- Served directly with 2 former Chairs (Breeden and Levitt)
- 2009 - founded advisory firm (Patomak Global Partners); has led since
- Co-chair of the Token Alliance (crypto lobbying group for the Chamber of Digital Commerce)

Areas of focus

- Facilitating capital formation – access to capital markets, shelf registration modernization, exempt offerings reform (including accredited investor)
- Crypto regulatory framework – providing regulatory clarity for issuance, custody, and trading of crypto assets (Project Crypto)
- Reduce compliance burdens – executive compensation, cybersecurity, scaled disclosures, other complex requirements
- Enforcement – focus on SEC mission, individual accountability
- ESG is not likely to be an area of focus

Key SEC actions in 2025

- Response to court about climate-related disclosure rules
- Concept release on Foreign Private Issuer definition
- Executive compensation disclosures roundtable
- Publish of data on capital formation related to small businesses and exempt offerings
- Expansion of the draft registration statement process
- Interpretative guidance on check boxes from clawback rules
- Update to FRM for 2020 rules on acquisitions and dispositions

- SAB 121 rescission
- Formation of a cryptocurrency task force led by Commissioner Hester Peirce
- Dropping of case against Coinbase and settlement of civil enforcement actions against Ripple
- Staff statements on multiple crypto topics, such as:
  - Stablecoins
  - Staking
  - Crypto Asset Exchange-Traded Products
  - Offerings and Registrations of Securities in the Crypto Assets Market

SEC - Capital formation

Enhanced accommodations for issuers submitting draft registration statements

- **Expands the availability of the nonpublic review** process for the **initial registration** of a class of securities under the Exchange Act to include both Section 12(b) and Section 12(g) registration statements on **Forms 10, 20-F, or 40-F**
- **Permits issuers to submit draft registration statements** regardless of how much time has passed since they became subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act
- **Expands the availability of the nonpublic review** process for a de-SPAC transaction when the SPAC is the surviving entity (i.e., SPAC-on-top structure) as long as the **target is eligible** to submit a draft registration statement
- Permits an issuer to **omit the name of the underwriter(s) from its initial draft registration statement submission**, when otherwise required by Items 501 and 508 of Regulation S-K, provided that it includes the name of the underwriter(s) in subsequent submissions and public filings

Updates to Securities Act Forms C&DIs

- C&DI 114.05 & C&DI 123.01[withdrawn] - Form S-3ASR or **non-automatically effective Form S-3** can be filed and declared effective after an issuer has filed its Form 10-K but prior to filing the Part III information that will be incorporated by reference into the Form 10-K

Concept release on Foreign Private Issuer definition

- Reasons why it is being discussed;

- Proposed Bill - National Defense Authorization Act for Fiscal Year 2026 (NDAA Defense bill) extends insider reporting obligations to FPIs

Section 16 of the Exchange Act applies to directors, officers and any person who beneficially owns more than 10 percent of any registered class of a company's equity securities (commonly referred to as "insiders").
It requires insiders to immediately report transactions in company securities.

Securities of FPI insiders are currently exempt from these reporting requirements

In addition, compensation of FPI directors and officers is currently only disclosed on an aggregate basis unless individual disclosure is made in the home country, and share ownership of each director and officer is disclosed only if it is greater than 1% of a class of shares.

Frequency of Interim Reporting

- **On September 15, 2025, President Trump suggested that, subject to SEC approval, moving to semi-annual reporting would "save money, and allow managers to focus on properly running their companies**

- Following President Trump's suggestion, SEC Chairman Paul Atkins has publicly stated that the SEC will propose a rule change to allow (but not require) companies to change from quarterly to semi-annual reporting, with a decision to be made after consideration of feedback received on the proposal.

- Practice in other countries is mixed, but the EU and UK eliminated quarterly reporting in 2013 and 2014, respectively.

Arguments For Reducing Reporting

- Alleviate pressure on management to prioritize short-term decision making, allowing to focus on long-term strategy and growth
- Create capacity for executives to focus on more strategic elements of the business
- Encourage investor emphasis on longer-term investments, rather than short-term earnings targets
- Reduce compliance costs
- Curb quarterly volatility resulting from investor reaction to temporary events
- Align US reporting with other issuers as well as with US Foreign Private Issuers (FPIs) that report semi-annually

Arguments Against Reducing Reporting

- Reduce market discipline and management accountability for timely actions to drive profitability/reduce risk/take corrective actions
- Reduce transparency and limit timely insights into developments (positive or negative) that could impact an investor's view
- Reduce comparability against peers if some continue to report quarterly information
- Lead to less reliance on GAAP and more on other financial metrics
- Changes to quarterly reporting may necessitate other regulatory changes (e.g., registration requirements, comfort letters), which may impact comparability
- Costs to comply may not be reduced
- Companies may look at this as in essence to annual reports to get out messaging

Restatement and revision trends

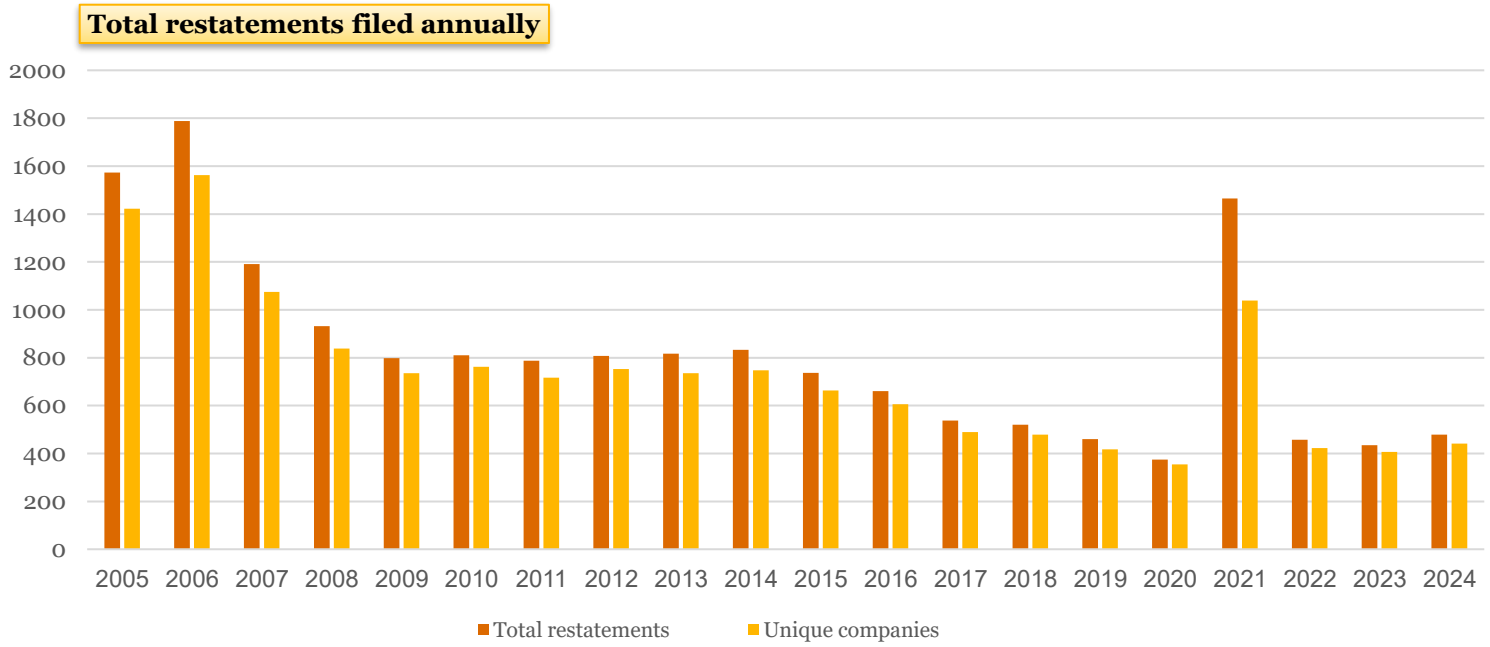
2024 highlights

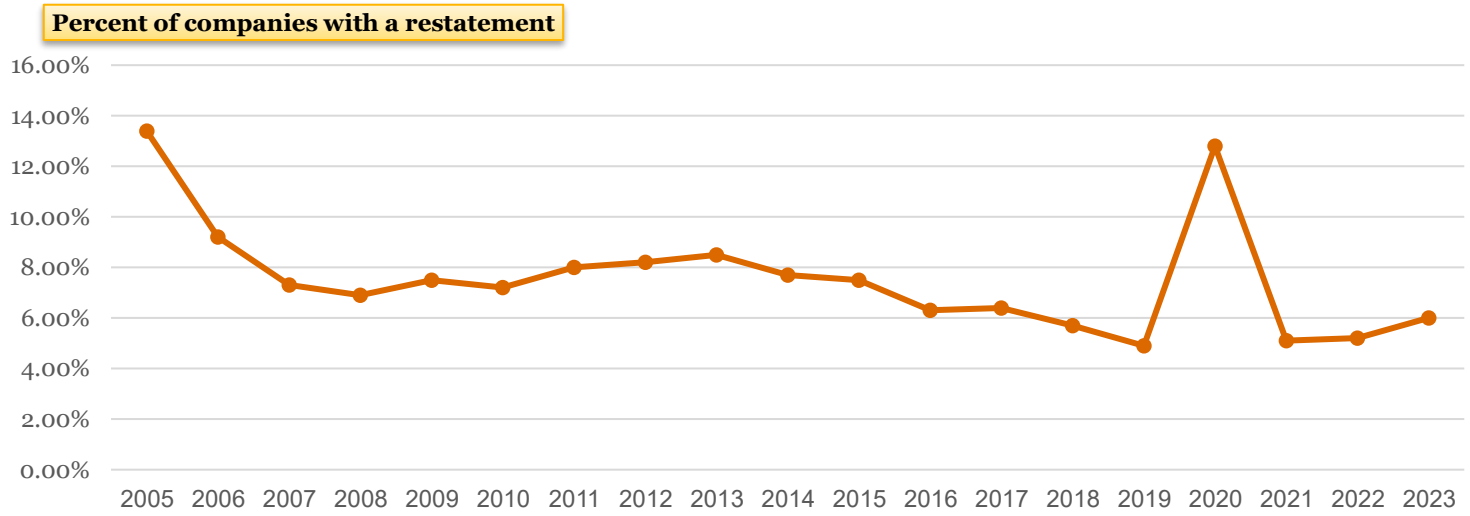
Total restatements remained relatively low during 2024. Restatements increased by approximately 10%, from 434 in 2023 to 479 in 2024, plateauing at the levels seen in the years just prior to 2021.

Unique companies with a restatement increased 9% from 406 to 441 between 2023 and 2024. The majority of this increase can be attributed to restatements by the former clients of BF Borgers, associated with 41 of the restatements disclosed in 2024.

Most prevalent areas resulting in restatements:

- Debt and equity securities (15%)
- Revenue recognition (8%)
- Liabilities, payables, reserves, and accrual estimates (7%)
- EPS, financial/operational ratios, and classification of income statement issues (7%)
- Cash flow statement classification (6%)





Source: Audit Analytics (June 2025)

SEC comment letter trends

Top 10 comment letter themes

1	Non-GAAP measures	2	Management's Discussion and Analysis
3	Segment reporting	4	Revenue recognition
5	Goodwill and other intangibles	6	Business combinations
7	Inventory and cost of sales	8	Debt, quasi-debt, warrants and equity
9	Fair value measurement	10	Disclosure controls and ICFR

This analysis was performed based on topical areas assigned by research firm Audit Analytics for comment letters issued on Forms 10-K and 10-Q that were made publicly available during the 12-month period ended June 30, 2025.

Non-GAAP financial measures

Compliance & Disclosure Interpretations (C&DIs)

Non-GAAP financial measures result in frequent comments regarding compliance with Regulation G and Item 10(e) of Regulation S-K and the related Compliance and Disclosure Interpretations, sometimes resulting in requests to remove or substantially modify non-GAAP measures. The recent updates to the interpretations were intended to memorialize existing views of the staff provided through public statements or comment letters.

C&DIs 102.10(a) and 100.5	C&DI 102.10	C&DIs 102.03 and 100.1	C&DI 100.4	Regulation S-K Item 10 (e)(1)(i)(C)
Presentation with equal or greater prominence of the most directly comparable GAAP financial measure Also, the appropriate labeling and clear description of a non-GAAP measure and/or adjustment	Reconciliation to the most comparable GAAP financial measure	Appropriateness of adjustments to either eliminate or smooth items identified as non-recurring, infrequent, or unusual; or items representing normal, recurring, cash operating expenses	Use of individually tailored accounting principles	Disclosure of why management believes the non-GAAP presentation provides useful information to investors regarding the financial condition or results of operations of the registrant

Thank you

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