

## **US Securities and Exchange Commission**

Trump SEC chair scraps proposed market rules as he charts  
new path

Paul Atkins bludgeoned more than a dozen outstanding proposals from his predecessor's regulatory programme



SEC chair Paul Atkins withdrew 14 rules that had not been finalised by the time his predecessor left office © Tierney L Cross/Bloomberg

**Stefania Palma** in Washington, **Harriet Clarfelt** in London and **Eric Platt** in New York

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The new chair of the US securities watchdog is signalling an about-face in the agency's approach to regulation, throwing out more than a dozen rules proposed by his predecessor in his first major policy move.

The decision comes as the Trump administration has embraced a laissez-faire stance on securities and investing, reversing the aggressive style of Gary Gensler, the Biden administration's top cop on Wall Street.

Paul Atkins, chair of the [Securities and Exchange Commission](#), withdrew 14 rules last week that had not been finalised by the time Gensler left office, ranging from climate disclosures to cryptocurrency exchanges and artificial intelligence.

A champion of light-touch regulation, Atkins bludgeoned nearly all outstanding proposals from Gensler's programme while he pursues a new framework for digital assets — an asset class [Gensler](#) said should be covered by existing law.

John Coffee, professor at Columbia Law School, said the move was “unusual” and seemed “deliberately designed to be a rejection of Gensler”, whose rulemaking [stood out for its breadth and volume](#) — and triggered fierce legal battles that resulted in courts throwing out central pillars of his agenda.

“Atkins is a very ideological conservative and Gensler was as activist a chairman as we have seen since Arthur Levitt,” Coffee added, referring to the SEC's longest-serving chief, who was known for his interventionist tendencies. The “desire seems to have been to junk Gensler's whole approach to the markets”.

The move is part of the government's broader efforts to curtail regulatory scrutiny ushered in by Biden-appointed watchdogs. Trump in February signed an executive order that ["reins in independent agencies"](#), including the SEC, ordering them to submit draft regulations for review.

"As the chairman has said, we are getting back to our roots of promoting, rather than stifling, innovation," the SEC said in response to questions from the Financial Times. "The markets innovate, and the SEC should not be in the business of telling them to stand still."

Advocacy groups warned against Atkins' decision. It was "potentially very harmful to investors", said Benjamin Schiffrin, director of securities policy at campaign group Better Markets.

But the industry has cheered the rule withdrawals, arguing the SEC was now back within the boundaries of its mandate — and that they eliminated uncertainty over whether rules proposed by one administration would be enacted by a successor.

“It doesn’t mean they’ve abandoned the policy goals,” said Lance Dial, partner at law firm K&L Gates, who said the SEC could reintroduce the measures in different ways. Still, “good riddance” to most of the 14 rules, he added: “They were not ones that the industry really favoured.”

The withdrawals are a win for Wall Street trade groups, which had lobbied to pare back Gensler’s programme.

“We were pretty explicit in saying these proposals are not well thought through, and you should not follow up on them,” said Paul Cellupica, general counsel at the Investment Company Institute, which represents investment funds.

One measure attempted to manage how artificial intelligence is used to give financial advice to investors. The industry had argued investor protection was already captured under existing rules, adding that the proposal was excessively broad and difficult, if not impossible, to implement.

Schiffrin said the withdrawal killed the SEC's "first real attempt to regulate the use of [AI] in the security space".

Atkins also killed a rule that would have required investors to disclose their positions in opaque derivative trades, out of concern they could mask outsized holdings that posed hidden systemic risks. The rule was opposed by activist investors, including Elliott Management.

A digital asset advocate, Atkins pleased the cryptocurrency industry when he quashed a proposal to define a securities “exchange” in a way that captured decentralised peer-to-peer digital currency platforms.

The previous administration tried “to apply outdated regulatory frameworks to decentralised technology without clear legal authority or meaningful industry input”, said Laura Sanders, senior counsel at the Blockchain Association, repeating positions that Gensler rejected when he was chair. “We’re optimistic about the path ahead”.

Market participants also accused Gensler of over-reach when he proposed broader disclosures on environmental, social and governance metrics — reforms that incensed Republicans but were cheered by Democrats. Atkins ended a measure that sought such information from certain investment advisers.



Some experts were surprised that the SEC chair also withdrew rules that were not as politically charged, including one that required investment advisers to adopt policies addressing cyber security risks.

Now the industry is awaiting the outcome of Atkins' own regulatory programme.

“We don't know in what direction Atkins will take the rulemaking agenda,” said Aaron Schlaphoff, a partner at Paul Weiss. “Very little has been said about that.”

## The 14 scrapped rules

Rule	Description
Implementation, Duplication, and Resubmission of Shareholder Proposals	The SEC sought to amend the process for how shareholder proposals are included or excluded by companies in their proxy voting materials. Morningstar threw its weight behind the proposal.
Conflicts of Interest Associated with the Use of	This rule would have limited how brokers and investment advisers used technology to put their own financial interests

Source: FT research

Rule	Description
Predictive Data Analytics	ahead of their clients.
Safeguarding Advisory Client Assets	The SEC sought to expand the types of client assets to be safeguarded by their adviser in a bid to protect investors if a financial adviser faced its own financial troubles.
Cybersecurity Risk Management (for investment advisers and investment firms)	This rule would have required investment advisers to adopt cybersecurity policies and to report breaches to the SEC.
Enhanced Disclosures About	The SEC sought to standardise how funds reported how they

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