



The Economic Club of New York

119th Year
856th Meeting

The Honorable Paul S. Atkins, Chairman
U.S. Securities and Exchange Commission

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In-Person/Hybrid Event

Moderator: Larry Kudlow
Chair, America First Policy Institute
Host, Kudlow, Fox Business Network
Former Director, National Economic Council

Introduction

President Barbara Van Allen

Hello and welcome to the 856th meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club, and it's a pleasure to have all of you with us today. I want to extend a warm welcome to students from George Washington University and to recognize members of the 2026 Class of Fellows – a rising, next-gen cohort that adds a lot of next-gen diversity to our Club. And we're very proud of them and we have some in the room today.

The Economic Club of New York is proud to stand as the nation's leading platform for discussions on social, economic, and political issues. Over more than a century, the Club has had the honor of hosting over 1,000 preeminent guest speakers and this contributes to our tradition of excellence. We continue that tradition today by welcoming our distinguished guest, The Honorable Paul Atkins.

Paul was sworn in as the 34th Chairman of the U.S. Securities and Exchange Commission in April of '25. Prior to returning to the SEC, he founded and served as CEO of Patomak Global Partners, a financial services consulting firm specializing in regulatory strategy and risk management of course. Chairman Atkins previously served as an SEC Commissioner from 2002 to 2008.

Earlier in his career, he served on the staff of two SEC Chairs before beginning his legal career advising U.S. and international clients on corporate transactions and securities law. He earned his law degree from Vanderbilt University School of Law and his bachelor's degree from Wofford College.

Today's format will begin with prepared remarks from Chair Atkins followed by a conversation moderated by fellow Club Member Larry Kudlow. Larry is Chair of the America First Policy Institute, host of Kudlow on Fox Business Network, and former Director of the National Economic Council. We're honored to have him with us today as our moderator. The program will conclude promptly at 1:00 p.m. and we do have plenty of media both in the room and online. And without further ado, it's a pleasure for me to welcome Chair Atkins to the stage.

Opening Remarks by The Honorable Paul S. Atkins

Well, good afternoon, ladies and gentlemen. And thank you very much, Barbara, for your generous introduction. Before I offer a few reflections, I must note the standard SEC disclaimer that the views I express here today are my own as Chairman and do not necessarily reflect those of the SEC as an institution or of my fellow Commissioners.

So first, let me begin by expressing what a profound privilege it is to speak to the

Economic Club of New York. Of course, this occasion is rendered, to me, especially meaningful and even serendipitously, a greater honor, by its timing, as we stand mere days away from the 250th anniversary of our Republic. Such a momentous occasion calls not only for celebration, but also for reflection on the great deeds of the past, and a renewed resolve to confirm that the spirit of 1776 remains our animating force today.

So, I do not take lightly the moment in which I stand before you, nor the duty ahead of me to adequately honor our extraordinary nation, its courageous pioneers, and its storied history – a duty, yes, but for me, really a delight.

Today, the country that we call home stands squarely on the shoulders of the most consequential year in modern history. The epoch of 1776 did not merely mark the birth of a nation; it was the year that the grand idea behind it took political form. One so potent and so threatening to entrenched power that the band of men who dared to permanently endorse it on a piece of parchment pledged their very lives, their fortunes, and their sacred honor to its defense.

For the architects of this order were not timid reformers seeking a few modest amendments to an antiquated system; they were revolutionaries declaring an uncompromising extrication from it. A quarter millennium ago, they announced to a king – and thus to the world – that our rights are undeniable – that they are not subject to the

will of princes or parliaments, but sacred gifts from the hand of God.

Chief among these rights, our forebears proclaimed, was the right to govern themselves, to forge their own destiny through industry and enterprise; to wager everything on an idea to enjoy the fruit of their endeavor safe in their property; to pursue happiness – a happiness far more profound than our simple vernacular definition of joy or contentment. Instead, they invoked by that term the classical ideal of human flourishing, achieved through virtuous activity over the course of one's life.

At the heart of our Founding Fathers' revolution stood an idea – one that found its fullest expression in two fateful documents, crafted an ocean apart but together in time in 1776. One penned in the summer heat of Philadelphia, the other in the intellectual winds of Edinburgh. Thomas Jefferson brilliantly articulated the justification of the Continental Congress for becoming a nation. Adam Smith described the way that such a nation could summon wealth from scattered effort. The authors never met, yet their ideas were inseparable, and their contemporaneous works rested on the same conviction: trust the individual, not the institution.

On the far side of two and a half centuries, the question before us today is not whether that idea worked. History has certainly answered that in the affirmative. Rather, it is whether we, as stewards of this nation and its institutions, have the wisdom, the

restraint, and the resolve to preserve it.

Thomas Jefferson was no stranger to Adam Smith's philosophy. He was, in fact, a student of it, evidenced by the well-worn copy of *The Wealth of Nations* contained in his library, from which he gleaned wisdom that he shared freely with friends and correspondents.

It's little wonder, then, that our founding documents, in many respects, reflect Smith's central themes that were debated at the time: that government must not grow infinitely. That it should be sizeable enough to protect its people, yet small enough not to shackle them. And that its purpose, above all, is to set them free to pursue their own prosperity – and in so doing, to propel the nation's prosperity – to unleash what Smith immortalized as “the invisible hand.”

Yet the Founders understood that this principle, however true or trustworthy, was not self-preserving. They knew that concentrated power – whether lodged in a crown, in a parliament, or in a bureaucracy – would characteristically constrain it. So, they built a framework around it as light as prudence would permit.

Carefully constructed on the cornerstones of clear rights, coherent rules, and public authority granted and bounded by the people, our forebears' framework amounted to

more of a trellis than a cage, something along which prosperity could climb. For two and a half centuries, that trellis, rightly tended, has liberated the invisible hand to lift a people – indeed, even an entire nation – and, in so doing, has built the most prosperous, innovative, and resilient capital markets in the world.

Ludwig von Mises wrote that the market economy needs no apologists or propagandists. That it can apply itself to the words of Sir Christopher Wren's epitaph in St. Paul's Cathedral in London: if you seek his monument, look around. Well, on the cusp of a quarter millennium, I believe that it's fitting not only to look around, but also to look behind.

From its earliest days, America exhibited a bold spirit of enterprise, which the French philosopher Alexis de Tocqueville credited as the primary reason for its rapid progress, its force, and its greatness. Likewise, George Washington, who took the presidential oath here in Manhattan, underscored the power of a commercial and enterprising spirit to propel a nation. In 1784, he wrote that a people driven by the spirit of commerce, and determined to pursue their advantages, may achieve almost anything. A few years later, not far from where we are gathered, America's unrivaled capital markets were born almost simultaneously with the nation itself. Not by the edict of government design, but by the ethos of American ingenuity.

In 1792, beneath the shade of a buttonwood tree, two dozen stockbrokers gathered to assemble a simple agreement, less than a hundred handwritten words, establishing a system that, while certainly not perfect, would facilitate the flow of capital for generations. Free people, organizing themselves to do what our Founders trusted that they would, create conditions for capital to flow and for prosperity to climb that trellis. In the decades that followed, within a framework of shared rules and solemn covenants, Americans set the great wheel of ambition turning, and from it, capital flowed.

As this productive symbiosis between capital and creativity increased, the unleashing of human ingenuity gave rise to rapid industrial revolution – and to this great American city, whose history stands as a testament to the power of private investment and free enterprise.

The towers that stand out against the sky, the railways that ran out from Grand Central and Pennsylvania Station to the rest of the country, and the harbors, factories, and financial institutions that made New York the Empire City were not conjured by directive, but by initiative – by free people willing to stake their savings on a nation still in formation. By the turn of the 20th century, millions of Americans owned securities. The merchant class became the middle class, and markets, open to many, became an engine of mobility for more.

From the rubble of the Second World War, the might of American free enterprise, with its industrial base largely intact, rose to meet the severe needs of a ravaged world through manufacturing goods and providing services. Pent-up demand, abundant savings, and expanding opportunity revitalized our securities markets – and, in turn, reinvigorated that invisible hand.

Manufacturing plants that armed the military pivoted to produce a post-war boom, and the American adventurous spirit, not government mandate, spawned innovative automobiles, appliances, and electronics that defined a generation and revolutionized not only industry, but domestic life as well. In time, this revived spirit of enterprise steadily lifted the United States to the seat of dominant global economic leadership.

As the post-war boom matured, the principles by which it was produced came under pressure, until a former governor from California reminded the country what it had forgotten. In the 1980s, President Reagan's bold return to our Founders' limited-government ideals called forth a new morning from economic malaise, proving again that first principles work when we have the resolve to rekindle them. But that period, prosperous as it was, amounted not to a capstone of our free market edifice, but to a continuation of its building. In the decades since, our markets have never stopped turning, their depth and dynamism repeatedly outpacing that of the rest of the world.

And, of course, we must acknowledge the panics and reckonings woven between the periods of prosperity. Their indelible marks are surely etched into the very streets of this city and the halls of our history. Yet throughout our 250-year story, through boom and recession, war and peace, a pattern emerges with clarity. Every crisis threatened to break American capital markets, but none did. On this anniversary, we would do well to ask why.

Each time that our markets bent beneath the weight of adversity, they ultimately endured not because a central planning government scaffolded a recovery, but because the underlying bedrock of free enterprise never shifted. And because, in moments of doubt, Americans returned to first principles rather than abandoned them.

The first federal securities law enacted in 1933, for example, was not a rejection of free markets, but an effort meant to preserve them. Its animating premise was simple: markets function best when investors can make autonomous decisions based on honest, material information. True to that notion, Congress did not seek to substitute the judgement of regulators for that of investors. Rather, it sought to restore trust through transparency – strengthening the framework so that risk-taking and capital formation could swiftly recover and safety rise. Indeed, the history of our markets is not a tale of unbroken ascent. Rather, the long arc bends towards growth – growth that is less a tribute to regulation than to a free people investing in free markets, within a government

that trusts them to do so.

Even outside observers have arrived at the same conclusion. Peruvian economist Dr. Hernando de Soto studied not what the American system has produced, but what its absence had cost the rest of the world. “Without an integrated formal property system,” he concluded, “a modern market economy is inconceivable.” In essence, transparency and the rule of law support property rights, dependable valuations, and a defense against kleptocratic government. It is such a system, and such a promise, which we are now called to defend.

Behind our market system is not a central planning system, but a citizenry – one willing to take risks within the peerless American system that rewards them. Our Founding Fathers took the first and ultimate step pledging everything against the charge of treason, with no assurance of success and certain execution if they failed. Yet their courage ultimately yielded a constitutional Republic that established the legal framework for all who would follow, enabling generations of Americans to pursue prosperity in their wake.

As the nation’s story continued to unfold, and competing ideologies sought to engineer economic strength from the top down, ours was a model that steadily proved its value on the world stage. The many Socialist experiments, built on brute force of totalitarian

government and a commitment to central planning, crumbled under a philosophy incapable of channeling the forces of human aspiration. In stark contrast, our system entrusts citizens with freedom, private property rights, and the opportunity to shoulder the burdens and realize the rewards of risk and innovation.

Well, in the decades since – if under different leaders, labels, or Democratic descriptors – the same Socialist story has unraveled repeatedly, each time ending in collapse, colossal destructiveness and poverty, while American markets have stood as a steadfast counterpoint based on individual liberty and rights.

As then-SEC Chairman, Chris Cox reminded this Club just over 20 years ago, “Our market economy, better than any other system in the world, enables the poor to rise from poverty, and enables the vulnerable and marginalized to be protected. Because after all, wealth must be produced before it can be shared.” So perhaps nowhere is this contrast experienced more palpably than by those beleaguered by such communist and socialist systems – individuals abroad who long for a system that lifts and liberates as America’s does, yet who remain captive to the concentrated power above them.

As de Tocqueville observed, Americans are instinctively entrepreneurial and generous. As many of us are witnessing, the World Cup playing out across our country right now offers a striking present-day parallel of his early-1800's observation. Thousands of fans

from around the world who traveled to the U.S. expecting only a soccer match or so have encountered something that they did not expect: American life as Americans live it, yet often take for granted. On social media, visitors who rave about air conditioning and Texas barbecue, and big box stores, and yes, even ranch dressing. So two centuries on, de Tocqueville's reflections read less like history than like dispatches from this summer.

With each generation, we have not just had an opportunity, but a high calling to remind our fellow citizens of – and live up to – the principles of our free market system. Our way of life is exceptional, not inevitable. And yet the temptation to erode it is never distant. So just step outside, where leaders in this city that are entrusted to govern it, that built American commerce are beginning to speak the language of control than of freedom, to deliver on campaign promises that would undermine the very foundation that has made this nation great. As President Trump reminded us recently, Communism may seem appealing at first, “but, in the end, great violence proceeds at levels never seen before, and the entity dissolves into poverty, squalor, and crime.”

The founding vision of our nation – what our forebears fought for, and what our heroes have died for – was always to serve and safeguard risk-takers, not to second-guess or stifle them, to create the conditions for their flourishing, not to control them. It's a vision that, as regulators, we must not treat as a historical artifact but must take as an

archetype. Our rules must be clear enough to guide but restrained enough not to suffocate, preserving the conditions in which the invisible hand can convert the pursuit of personal gain into the promotion of public good. And that is precisely the path that this SEC is charting today.

Too often of late, our regulatory approach has drifted from following the letter of the law predicated on the founding ideals that propelled a young republic to achieve such stunning success. Rules were fashioned to meet social and political goals rather than to preserve First Principles. Enforcement, meanwhile, became a de facto policy instrument. And disclosure obligations designed to illuminate what is material to investors, were quietly redirected toward what regulators found merely interesting. And with respect to digital assets – the most consequential financial frontier of our time – uncertainty became policy. Well, innovation did not wait. It simply left our shores. In a world in which telecommunications know no boundaries, Americans found these assets anyway, but without the standards of American laws.

Fortunately, the path forward is illuminated by the light of what we know is true, by the proven approach of the generations of Americans who have gone before us. So, in our nation's 250th year, we at the SEC are doing what our Founders had faith in us to do: clearing and pruning the overgrowth – not to weaken the framework, but to let it bear fruit again. The path to doing so rests on what I'm calling the SEC's ACT strategy, which

is comprised of three interlocking aims: to Advance our frameworks into the modern era; to Clarify our jurisdictional lines; and to Transform our rulebook by returning it to first principles, A-C-T.

The first, Advance, begins where the cost of complacency is clearest. Under the previous administration, digital asset innovators operated under regulatory ambiguity, and those who sought regulatory certainty from the SEC often found themselves under investigation instead. The market rendered its verdict, and an entire generation of digital asset innovation developed overseas.

So, over the past year, we have moved purposefully to answer President Trump's call to make America the Crypto Capital of the World. Through what we're calling Project Crypto, we are taking historic steps to modernize our rules and regulations to facilitate markets' moving on-chain. And after years of obscurity, we have delivered long-called-for certainty to digital asset issuers, so that investors and entrepreneurs today can know, before they act, whether a digital asset is considered a security and therefore subject to SEC oversight. To be clear, this is not a favor to industry. It's what markets require to function: clear rules of the road, applied without preference.

But a modernized framework is only as valuable as the clarity with which it is applied. Thus, the "C" for clarity. So, after years of fragmented oversight and overlapping

authorities, the SEC and the Commodity Futures Trading Commission signed a historic Memorandum of Understanding between our two agencies – a framework for aligning key definitions, coordinating oversight, and replacing a regulatory no-man’s land between the two agencies with fertile new ground for innovation to grow.

The third foundational aim of our strategy – to Transform – in many ways strikes the closest to the root of the issue. Between the 1990s and when I returned to the SEC as Chairman last year, the number of public companies listed on U.S. exchanges had cratered by about 40%. Every IPO, I believe, is an invitation for individuals to participate in the prosperity of the next generation of American enterprise. When fewer companies extend that invitation, fewer Americans receive it.

So to that end, under my leadership, we are Making IPOs Great Again – most recently by proposing to modify how and when public companies access capital, and what they must disclose when they do. Our recent registered offering reform and filer status reform proposals would, if adopted, broaden the opportunity to capitalize on favorable market conditions and recalibrate disclosure requirements based on a company’s size and maturity. In turn, more companies would receive relief from some of the most onerous SEC requirements while retaining those that are essential to informed investment.

Building on this effort, last month we proposed to rescind the prior administration's ill-advised climate disclosure rule, re-tethering our rulebook to the simple principle that the SEC exists to serve all investors, not to advance an agenda of the politicized few or the business models of those who pander to them.

Over the past year, through these steps and others, we have begun clearing the path to going public with materiality as our metric, so that becoming a public company is once again a growing company's goal, not its last resort. Now, I don't pretend to have the panacea to make IPOs great again. The decline did not occur overnight, and it likewise will not be remedied in an instant. Yet, by creating a new environment and shifting the agency's overall posture towards public companies, we are turning the tide.

For example, initial submissions for firm-commitment IPOs surged 70% from January through early June as compared with the same period back in 2024. And then just this month, one company alone raised \$85.7 billion, a single offering that eclipsed the total capital raised by the entire U.S. IPO market in each of the years 2024 and 2025.

However, the benefits of revitalizing our capital markets are certainly not reserved for businesses and those who lead them. Another recent transformational market endeavor holds the promise to change the trajectory of every child's life in America. Thanks to the leadership of President Trump and Treasury Secretary Scott Bessent, Trump Accounts

will launch this week. Beginning on the 4th of July, every U.S. child under 18 is eligible to open up a Trump Account, a type of traditional IRA, held in the child's name, with the parent or guardian serving as custodian until the child turns 18. Family, friends, and employers can contribute up to \$5,000 per year, per child. And thanks to private philanthropy already flowing into this initiative, millions of low- and middle-income children will start ahead of where they otherwise would have.

In addition, for citizens born between the 1st of January 2025 and December 31 of '28, the federal government will make a one-time, \$1,000 contribution to each child's Trump Account. So the Trump Account initiative is a practical example of applying the lessons of saving and investment of our nation's 250 years to the benefit of the next generation. And looking to the future, with our investor education mandate, the SEC has assisted the Treasury and the rest of the administration in every way that we can to roll out this initiative.

So, of course, our return to first principles extends beyond the rules that we excise or implement and how they are enforced. Under this SEC, we have ended the "regulation through enforcement" approach of the past and recentered our enforcement program on the Commission's core mission by prioritizing cases that provide meaningful investor protection and strengthen market integrity. Rather than focusing on the number of enforcement cases and record-setting penalties as opposed to true investor protection,

we are redirecting resources toward the types of misconduct that inflict the greatest harm, particularly fraud, market manipulation, and abuses of trust. And, finally, we intend to conduct a broader, thorough review of enforcement processes – something that has only occurred once before in the SEC's history.

Now, as consequential as they are, these reforms are neither comprehensive nor complete. We are forging ahead across every dimension of our mandate to continue modernizing our rulebook, clarifying oversight to unlock innovation, and pruning what is duplicative or frivolous, while preserving what is fit-for-purpose.

Every step toward that end rests on the conviction that has colored this speech from the start: that the SEC's role is not to control our capital markets nor to engineer their outcomes, but to foster the environment in which they can prosper. That was the instinct of the 1933 Securities Act drafters. It was the grand idea of our Founders who trusted the individual over the institution. And it remains, on this 250th anniversary of the Republic that they built, our surest path forward. Indeed, past Commissions have demonstrated to us, with equal clarity, the cost of refusing it.

So, let me close where I began. That is, with the past and with a promise. With memory of our own beginnings, and with the mandate before us.

Two hundred and fifty years ago, our Founding Fathers built the trellis. Less than a hundred years later, de Tocqueville observed its robustness. And by the 20th century, von Mises asked us to behold the garden of free enterprise that grew along it. The charge before us today is – unlike what some elected officials in this city insist – not to uproot what our predecessors built. Rather, it is to tend the framework that the Founders designed – one along which prosperity can climb – lest we let the foundation of the trellis, meticulously crafted over the years, be destroyed.

Indeed, to conserve the promise of our unrivaled Republic for the next quarter millennium and beyond, may we together resolve to steward that trellis and safeguard the invisible hand – not only as government regulators, but as builders, as risk-takers, and above all, as Americans.

So thank you very much for your time and attention today. And Larry, I look forward to our conversation ahead. Thank you very much.

Conversation with The Honorable Paul S. Atkins

LARRY KUDLOW: All right, thank you, Mr. Chairman. Are we on? Are the microphones on? Good. Thanks to the Economic Club for having me. Barbara, I appreciate it very much. Good speech.

THE HONORABLE PAUL S. ATKINS: Well, thank you very much.

LARRY KUDLOW: You covered a lot of stuff that I was going to cover in the Q&A, and do want to get you to elaborate on some of it. Let me just begin, maybe the most fun after Elon Musk's massive IPO, one of your themes is to make IPOs Great Again, which is terrific. How can we do this specifically? What's the SEC doing? How can we reduce the cost? And, in particular, how can we get, I'm going to get to Trump Accounts in a moment, but how we can democratize IPOs? How can we get more ordinary, middle-income working folks to get a piece of the rock, which is so important? The Musk thing was very, very, very successful. It created millionaires, and hundred-millionaires and all the rest of it. I'm sorry I didn't buy it myself. What specifically can we do to make IPOs democratized again?

THE HONORABLE PAUL S. ATKINS: Well, first of all, you have to have them to democratize them. And as I mentioned, there has been a dearth of IPOs, and I think we've identified three things primarily, but there are many others too, that helped contribute to that. One is just, well, one is the growth of private capital overall. That's been really, you know, transformative for America. And thank goodness we have it because with bank capital requirements and all that, you know, it's hard even for banks to lend to small and medium-sized enterprises. But private capital and credit and that has....

LARRY KUDLOW: Have you spoken to the bank regulators about this?

THE HONORABLE PAUL S. ATKINS: Yes, I have, but, you know, some of that is the Basel rules and all of that. So we have a lot of work to do, but I think we have a path forward. It's amazing how all of us who are the heads of the various financial services regulators have known each other for years and so we know how each other thinks. And so there's no turf battle anymore and we're all out to try to achieve things.

But going back to IPOs, so there are three main things I think to try to coax people out from the relative security and safety of private markets. One is just to help diminish the overall cost and complexity of not just disclosure to go public, but then the ongoing apparatus to sustain that over time. So, as I talked about, going back to first principles of financial materiality, which the Supreme Court back in 1976, Thurgood Marshall defined as what a reasonable investor, meaning an objective investor, not what any of us in this room thinks or what some big asset manager thinks, or whatever, it's what an objective reasonable investor needs to know basically to make an investment decision.

So anyway, we're going to be paring things back because things, exemplified by the previous administration's environmental disclosure rule, goes way, way, way beyond what's material to the reasonable investor. Second is litigation reform. So we don't have a lot of tools at the SEC, but suffice it to say that, you know, threats of class action

lawsuits and vexatious litigation.

I mean meritorious ones are one thing. But people tell me, and I used to see it, you know, when I was a practicing lawyer 30 years ago, 30-some years ago, was there's not a merger or acquisition involving a public company that doesn't have immediately, the ink has hardly dried, but a lawsuit filed regarding valuation. So even to the point where investment bankers tell their clients we have to budget X amount to deal with the lawsuits.

LARRY KUDLOW: So what can be done about that? Such a vexing and long-term problem.

THE HONORABLE PAUL S. ATKINS: Right. So we've taken one step to do it. In the past, the SEC has turned away would-be IPOs if they had a bylaw that says that if a shareholder has a beef with the management or the board of the company, that you have to go through mandatory arbitration, not through a class action lawsuit. So that was not a rule. It was not Commission policy. It was the staff of corporation finance that turned it back because they had this idea that was not consonant with the securities laws.

Well, the Supreme Court has over and over declared that, yes, mandatory arbitration is

fine, and including as recently as 2012 or so that, you know, in the context of securities offerings. And the last one to come to the SEC in 2013 was The Carlyle Group, which is a private equity group, and they were turned back, and said take that bylaw out, or else we won't declare you effective. So you can't argue with the staff because time is ticking, you know, you want to go public and hit the market.

So last year I declared that policy was never formal anyway so we would not do that. The staff is instructed not to do that. So with respect to mandatory arbitration and loser pays, fee shifting, both of which actually the state of Delaware has outlawed by their legislature ten years ago or so, eleven years ago, with respect to fee shifting, and then just this past year with respect to mandatory arbitration.

Texas and other states, you know, we have 49 other states, besides Delaware of course. So Viva Federalism. And others allow it, including Texas. And so in the SpaceX offering there's a very interesting, rather elaborate mandatory arbitration provision in the bylaws that obviously is okay under Texas law.

LARRY KUDLOW: Loser pays, loser pays, you mentioned. Has that been codified? Is that in practice or not? Is that a policy proposal you're making?

THE HONORABLE PAUL S. ATKINS: Well, so it's really state law. It's not up to us. So

in 2015, the Association of Tennis Professionals, ATP, which is a membership organization, there was a dispute between the German member and the center. The member lost. It was appealed, and there's a bylaw that says, you know, if you sue, you lose, you pay. So anyway, they appealed to the Delaware Supreme Court and the Supreme Court said this is a contract between the shareholders and the company. And this is the same provision that applies to public companies, by the way, as to not-for-profits. So that's fine with us.

So, of course, there's a certain group of lawyers that went crazy. And you can't have a defense bar without a plaintiff's bar. So they got together and there was a change to Delaware code back then. And then this past year there was another change with respect to mandatory arbitration. So Texas is silent on it. But, you know, I have a feeling that in this coming legislative session, they'll probably address that. So anyway, they and other states maybe. So by our taking that position, so that now is prompting companies to, you come forward with it, which then will spark, I think, states to address it. And maybe Delaware might reconsider.

And then finally, the third one is, talk about vexatious litigation, you also have vexatious corporate governments where shareholder proposals have been weaponized over the years to try to strong-arm management and other shareholders to do particular policy things. And that was pioneered by Saul Alinsky way back in the 1970s, his penultimate

chapter, *Rules for Radicals*, talks about project proxies. So he had it down to a science. So that's been pursued over the years. But there are a lot of other things. You know, I'm not saying that these three points are a panacea. I mean there are a lot of other things that we should and could work on.

LARRY KUDLOW: It's such a naive question but go back to SpaceX. So the underwriters, the bankers touching their institutional investors and speaking for the shares as they come out, is there a way to democratize that process? I don't want to ruin the investment bankers. There was a time several decades ago that I worked for one. But a lot of people will say, well, you know, I didn't get a chance at that price. And then it came to the market and the price jumped by whatever it jumped, 25%, and so forth. And they had to get it on the secondary market which is more expensive. Is there anything that can be done in that?

THE HONORABLE PAUL S. ATKINS: Well, I hope so. So we intend to try to do what we can to facilitate it. Obviously, it's not up to us. It's up to the company and the bankers. So in the SpaceX offering, there was 20% that was allocated to retail investors, all the ins and outs of that. But if you look back over the last 30, 40 years, I mean people have tried different things. Bill Hambrecht, who is a great guy, of Hambrecht and Quist formerly, I was talking to him just last week or so. But, you know, he pioneered a Dutch auction for Google and others. And, of course, that threatens

maybe some vested interests of, you know, the fundraising industry, our corporate fundraising industry.

But so, be that as it may, you know, ideas like that, Chuck Schwab also back in the 90s and aughts was, you know, was also trying to seek allocations for non-institutional clients. But, of course, just the way the markets work, you know, it's a challenge that we have.

So I think if we can encourage more companies to go public, take that initial step, make it cool to be public again, rather than just like something that you have to excuse yourself for, and say, well, you know, it's benefit over cost and all of that. But if we can do that, then that will then provide more opportunity for more people then to participate. And so with the Trump Accounts and things like that, with broad spread, widespread...

LARRY KUDLOW: The Trump Account is a real gamechanger for that and democratization. People that ordinarily would never have a chance would now own a piece of the rock. They'll understand wealth creation, follow markets. I mean maybe the Trump Accounts are the ultimate solution for that.

THE HONORABLE PAUL S. ATKINS: Could be. It's been tried before in other countries. Margaret Thatcher famously, when she started her privatization efforts, like

privatized whoever is in sight, almost, not quite. Anyway, but the idea was to have a democratized type of ownership structure for British industry, and so it didn't go far enough or long enough. But obviously we are building on a much more broad base already and American ethos around taking risks and whatnot. Whenever I go abroad – Japan, Europe, U.K., wherever – everyone asks how can we foster American type of ethos in our financial markets so that people aren't like the proverbial Belgian dentist, buy a bond and stick it under the mattress, or people just keeping money in a bank account? How can we get them to buy equities, securities?

LARRY KUDLOW: How many people do you think own shares one way or another, indirectly or directly? It's a pretty big number now.

THE HONORABLE PAUL S. ATKINS: It's a pretty big number. And especially the big asset managers, with the growth of ETFs, you know, where the SEC...well, Bill Heyman is here, so back when Bill was at the SEC as Director of Market Regulation, that was when the first ETF was approved, S&P 500 Index.

LARRY KUDLOW: It's the best thing he ever did.

THE HONORABLE PAUL S. ATKINS: So that took off and then, you know, it was where the staff had been saying, well, how do we know if this is going to be accepted by the

market. And so Bill and Richard Breeden basically said, well, how do you think you're going to find out? So he put it out there, let's see what happens. It had a rocky start at the beginning. But ultimately seeing what has bloomed from that is great.

LARRY KUDLOW: So one thing that, you know, would make things cheaper in general, and you referred to this in your remarks, you've rescinded, I take it, most, if not all, of the, I'll call it climate change regulations and processes.

THE HONORABLE PAUL S. ATKINS: We proposed. It has to go through Notice and Comment.

LARRY KUDLOW: Let's walk through that if you can, just briefly. What kinds of things are you proposing to rescind?

THE HONORABLE PAUL S. ATKINS: Well, with that particular rule making, the entire thing. It's soup to nuts basically. I think it exceeds our authority as we have stated in the proposal and it veers way away from our mandates from Congress. But, anyway, we welcome comments on that.

LARRY KUDLOW: There were originally multi, they were multi-stages of regulations as I recall.

THE HONORABLE PAUL S. ATKINS: Yes, well, in the first proposal, three so-called, so anyway, so it was pared back a bit, but it's still, I mean it's a hefty thing. And even by the SEC's predictions at the time, it would double....

LARRY KUDLOW: So your proposal will go through?

THE HONORABLE PAUL S. ATKINS: Well, I don't know. It's up to the Commission...it's out for Notice and Comment. We're welcoming comment on this. And so it's then my colleagues and I on the Commission to vote. So this is our process and so we'll see where it goes. But let's basically say that the proposal was adopted unanimously so we'll see what Notice and Comment...

LARRY KUDLOW: When do you think the actual vote will occur?

THE HONORABLE PAUL S. ATKINS: Well, we have a comment period that's still running, and we've gone back to the traditional 60-day comment period versus the abbreviated ones that came in the previous administration. So I can't recall when exactly it will run out, but in the next month or two. So then we'll be able to go about promulgating or allowing the former rule to continue.

LARRY KUDLOW: Also in your remarks you talked about cryptocurrency, crypto

investments, you and the CFTC. Can you be just a little more specific on that? What is your position? Is it a currency? Is it an investment? Who is going to do the bulk of the regulating of this? I mean you mentioned some sort of detente or entente? It wasn't clear to me how that was going to work. And, in general, is it your view that the use of cryptocurrencies for a variety of things, you know, one could say across the board, is a good thing, that you want to expand the use of cryptocurrency?

THE HONORABLE PAUL S. ATKINS: Well, I guess, well, two things. One is, you know, it's not up to government to pick winners and losers. And so that's why our whole program now to advance, clarify, and transform is to address this. And in the past basically the SEC was focused more on, you know, that this particular budding product or innovation was inherently evil rather than the individuals who might subvert it are evil. So it's not for me to say any particular cryptocurrency or solution is good or not but to allow the market to do it.

And part of the problem was a lack of clarity as between what was a commodity, what's a security, between the SEC and CFTC, which has been going on since the CFTC was created back in 1975 or so. So that, I described it as a no-man's land with two fortresses on either side, and the crossfire just like destroyed would-be products over the years, portfolio margining and single stock futures and all of that.

And so thanks to the President's appointing Mike Selig, who was in my office as Chief Counsel for our Crypto Task Force, Mike is over there. And so we have now an unprecedented collaborative relationship. And so we are trying to divide the world, I always like to compare it to the pope back in 14-something, divided the world between Spain and Portugal. So we're doing that. We're trying to give bright line so that people understand on which side they fall. And then it's up to us to figure out, you know, where the products fall and to be collaborative. So that's it.

And so I'm not really focused on any product. But the distributive ledger technology that is blockchain is the, I think that is such an innovation that promises so much clarity and safety for our financial system. We're now at the transaction date plus one day for settlement. That's down from transaction date plus five, you know, 30 years ago. But we could have almost immediate on-chain payment versus delivery, receipt versus payment just immediately with whatever payment issue – stablecoin could be it. It could be, we've already approved now tokenized money market mutual funds. There will be tokenized bank deposits here, I would think, by next year. We're collaborating with our friends, with other bank regulators.

So I mean those sorts of things could be completely transformative where we might have to put speed bumps in because, you know, you have a fat-finger problem where you, oops, I sent it to the wrong account or something like that. And on-chain, boom, it's

gone. So we can work all those things out. And there are always incidents in the financial markets where things go awry. There's a corrupted file or something like that that creates things going awry. We're going back to basics.

LARRY KUDLOW: I think Barbara's giving us the hook. I just want to say, on the 250th anniversary, thank you for your service and your free market views on the Securities and Exchange Commission, Paul Atkins.

THE HONORABLE PAUL S. ATKINS: Well, thanks. Thank you very much.

PRESIDENT BARBARA VAN ALLEN: Well, thank you both for your time today. I wish we had another couple of hours, but lunch is awaiting. This discussion actually wraps up our season. We'll be back in the fall. So we're just going to take a short break for summer. Actually it's not a break for us. We do a whole lot of things during the summer to prepare for the fall. But I do want to just share that we have an exciting lineup that's starting to come together for the fall, including Danny Meyer, the Founder and Executive Chairman of Union Square Hospitality, Alan Guarino, Vice Chair of Korn Ferry in conversation with Carla Harris at Morgan Stanley, and David Booth, the Founder of Dimensional Fund Advisors, and many more. So please stay tuned.

And before we close, I'd like to take a moment to thank members of the Centennial

Society as their contributions represent the backbone of support, which makes our programming possible. So thank you, everyone, for joining us today. For those participating virtually, we'll see you next time. And for those in the room, please enjoy your lunch. Thank you.