

SEC Chair Nominee Testifies at Confirmation Hearing

MARCH 24, 2017

On Thursday, March 23, Jay Clayton, President Trump's nominee for Chair of the Securities and Exchange Commission, testified before the Senate Banking committee at his confirmation hearing.

In both his [prepared statement](#) and in responses to questions, Mr. Clayton indicated that one of his priorities as Chair would be working to ease the process of capital formation, by reducing the burdens on US public companies and encouraging IPOs. He lauded the effectiveness of the JOBS Act's IPO on-ramp provisions in facilitating IPOs for emerging growth companies and expressed an interest in making further improvements to the IPO process. Mr. Clayton avoided taking a position in responses to questions on particular public company disclosure obligations—including those related to cybersecurity issues and climate change—instead referencing his belief in the application of a materiality standard in public company disclosure determinations, although he appeared to concede that in his view, there is room for improvement in current level of disclosure of cybersecurity issues.

Citing the need to consult with the SEC staff and other commissioners, Mr. Clayton declined to express a view on the reconsideration of the implementation of the Dodd-Frank pay ratio rules announced in February by Acting SEC Chair Michael Piwowar, as well as on other specific policy matters, including the role of activist investors in the capital markets, potential changes to Schedule 13D requirements, and delegation of subpoena power in enforcement investigations to the SEC staff. Mr. Clayton also faced questions from several Democratic senators, including Senator Elizabeth Warren, on conflicts of interest and the potential impact of his need to recuse himself from certain matters involving many large financial institutions. Mr. Clayton acknowledged that he would be recused for two years from matters involving his former clients and from matters in which Sullivan & Cromwell, where he is currently a partner, is appearing before the SEC.

Mr. Clayton is expected to be confirmed.