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## The Trump Administration—Change and Continuity in Securities Regulation

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The election of Donald Trump as the next President and the continued Republican control of Congress raise questions as to what changes may be expected at the Securities and Exchange Commission (SEC) and what may stay the same. Although Mr. Trump has called for a repeal of the Dodd-Frank Act, he has provided few specifics about changes to the federal securities laws and what role he expects the SEC to play, what type of SEC Chair or other Commissioners he is likely to nominate, or how the financial markets would be policed. A [new Client Alert](#) by WilmerHale's Securities Department explores possible key areas of securities regulation that may be affected under the new Administration.

While Dodd-Frank will likely be an area of focus for the new Administration and Congress, there is little indication that the fundamental structure of corporate governance that has grown up since the 2002 Sarbanes-Oxley Act will be significantly affected. In particular, there is no reason to expect changes that would substantially alter the role and responsibilities of audit committees under SOX regulations or stock exchange listing standards. Independent audit committees are viewed as a linchpin of the financial reporting and compliance process, and even if there were regulatory changes investors likely will continue to insist that companies maintain a robust audit committee structure and process. One area of possible change could be internal control over financial reporting. The Financial CHOICE Act, a bill proposed by House Financial Services Committee Chairman Jeb Hensarling that may provide some indication of possible legislative changes in the next Congress, would significantly increase the market capitalization thresholds for requiring an ICFR audit under Section 404 of SOX. Larger companies will remain subject to the audit requirement but the class of companies exempted from the audit would expand. Another area of possible change is auditing standard setting by the Public Company Accounting Oversight Board (PCAOB). For example, the PCAOB has indicated that its staff intends to present for adoption in the fourth quarter of 2016 a final rule that would expand substantially the content and form of the auditor's report on financial statements. The SEC would have to approve this standard, which has been opposed by some industry groups and audit committee members.

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