
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 or Commission) and what may stay the same. Although Mr. Trump has called for a repeal of the Dodd-Frank Wall Street Reform and Consumer Protection Act (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.

Current SEC Chair Mary Jo White already has announced that she will be stepping down at the end of the Obama Administration, leaving three Commissioner openings for the Trump Administration. The President-elect's transition team for the independent financial agencies is being led by Paul Atkins, a former SEC Commissioner with a deregulatory focus. He will provide recommendations regarding financial regulation policies and personnel. In addition, Sharon Brown-Hruska, who is a former Commissioner and acting Chair of the Commodity Futures Trading Commission, has been named to Mr. Trump's landing team for the SEC.

In addition, the Financial CHOICE Act proposed during the current Congress by Representative Jeb Hensarling (R-Texas), Chairman of the House Committee on Financial Services, and cited with approval by the transition team, may provide some indication of potential changes the Trump Administration or Congress may seek to make to the Dodd-Frank Act. With a deregulatory focus by the incoming Republican Administration, and with the House and Senate both under Republican control, there is the potential that significant changes in policy and direction could be implemented at the SEC, including changes in personnel, authority, budget and policy.

any key components of securities regulation, however, would likely remain unchanged. Despite concerns about various aspects of the SEC's approach to regulation and enforcement, both Republicans and Democrats appear to recognize the importance of the SEC's role in maintaining the preeminence and integrity of the US securities markets. Accordingly, challenges to the SEC's core focus are unlikely to develop. In addition, although the leadership at the SEC will change—including, in all likelihood, the directors of the major operating divisions—most of the experienced professional staff at the SEC likely will remain in place, thereby providing some continuity in how the SEC carries out its mission.

Given the fluidity of the regulatory environment, making accurate predictions regarding what to expect from the SEC under a new Administration and a new Chair is difficult. Nevertheless, in this Client Alert we explore possible key areas of securities regulation that may be affected under the new Administration.

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