

# SEC in Focus

Quarterly summary of current SEC activities

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## Paul Atkins confirmed as SEC Chairman

Paul Atkins, President Trump’s nominee to serve as chairman of the Securities and Exchange Commission (SEC or Commission) was confirmed by the Senate on 9 April 2025 following his approval by the Senate Banking Committee in early April.

Mr. Atkins most recently served as chief executive at consulting firm Patomak Global Partners, which advises financial services firms on regulatory issues, business strategy and corporate governance. He previously served as an SEC Commissioner from 2002 to 2008, with current SEC Acting Chairman Mark Uyeda and Commissioner Hester Peirce both serving as his counsel during that time.

Mr. Atkins, a Republican, indicated during his confirmation hearing that his goal as chairman is to advance “clear rules of the road” regulation that facilitates capital formation and protects investors.

The SEC has five Commissioners, including the chairman, who are appointed by the President with the advice and consent of the Senate. In addition to Mr. Atkins, the Commission currently includes Mr. Uyeda and Ms. Peirce, both Republicans, and Caroline Crenshaw, a Democrat, until the remaining vacancy is filled. Under current SEC rules, no more than three Commissioners may belong to the same political party.

## SEC establishes crypto task force

Mr. Uyeda created a **task force**, led by Ms. Peirce, to provide clarity on the application of the securities laws to crypto assets. The task force will focus on helping the Commission set clear regulatory guidelines, provide paths to registration for both crypto assets and market intermediaries, create disclosure frameworks and deploy enforcement resources.

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The task force will hold roundtables with members of the public, solicit input from the crypto industry and work with federal departments and agencies, including the Commodity Futures Trading Commission (CFTC), to develop policies to foster innovation and protect investors.

## SEC rulemaking and guidance

### SEC votes to end defense of climate rules

The SEC voted to end its defense of the climate-related disclosure rules, which were voluntarily stayed by the Commission in April 2024 pending the US Court of Appeals for the Eighth Circuit's judicial review of the consolidated challenges to the rules.

Following the Commission's vote, SEC staff sent a letter to the court stating that the Commission was withdrawing its defense of the rules and that its counsel was no longer authorized to advance the arguments in the brief the Commission had filed.

### SEC staff expands accommodations for issuers submitting draft registration statements

The SEC's Division of Corporation Finance (DCF) **expanded** the accommodations available for issuers that submit draft registration statements for nonpublic review.

The nonpublic review process is now available for the initial registration of a class of securities on Forms 10, 20-F or 40-F under both Exchange Act Section 12(b) and 12(g). Also, existing issuers can submit draft registration statements regardless of how much time has passed since they became subject to the reporting requirements of Exchange Act Sections 13(a) or 15(d). Issuers were previously limited to submitting a draft registration statement within the 12-month period following the effective date of an issuer's initial Securities Act registration statement or an issuer's Exchange Act Section 12(b) registration statement.

For transactions in which a special purpose acquisition company (SPAC) survives the business combination as the public company, the initial draft of the de-SPAC registration statement is eligible for nonpublic review when the co-registrant target would otherwise be independently eligible to submit a draft registration statement (i.e., the de-SPAC registration statement is treated as the functional equivalent of the target's initial public offering).

Issuers may omit the name of the underwriter(s) from their initial draft registration statement submissions when otherwise required by Items 501 and 508 of Regulation S-K if they include the name of the underwriter(s) in subsequent submissions and public filings.

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#### EY resources

- ▶ [To the Point – SEC staff rescinds guidance on obligations to safeguard crypto assets under SAB 121](#)

### SEC staff rescinds guidance on obligations to safeguard crypto assets

The SEC issued Staff Accounting Bulletin (SAB) No. 122 to rescind the interpretive guidance in SAB 121 regarding the accounting for obligations to safeguard crypto assets that an entity holds for platform users. The staff previously issued SAB 121 to address the risks and uncertainties associated with the increase in the number of entities that offer platform users the ability to transact in crypto assets, often providing services that obligate them or their agents to safeguard users' crypto assets.

SAB 121 stated that an entity that is obligated to safeguard a platform user's crypto assets should present a liability and a related asset measured at the fair value of the user's crypto assets. It also stated that an entity should include several disclosures in the notes to the financial statements, such as the nature and amount of crypto assets the entity holds for its users, including a separate disclosure for each significant crypto asset, and vulnerabilities that may arise as a result of any concentration in crypto assets.

SAB 122 clarifies that an entity that has an obligation to safeguard crypto assets for others should determine whether to recognize, and how to measure, a liability related to the risk of loss under such an obligation by applying the recognition and measurement requirements for liabilities arising from contingencies in ASC 450-20, *Loss Contingencies*, under US GAAP, or International Accounting Standard (IAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*, under IFRS Accounting Standards.

With the issuance of SAB 122, entities must continue to consider existing disclosure requirements that allow investors to understand an entity's obligation to safeguard crypto assets held for others.

SAB 122 applies to entities on a fully retrospective basis in annual periods beginning after 15 December 2024. The changes can be applied in any earlier interim or annual period included in filings after the 30 January 2025 effective date. Entities should provide clear disclosure of the effects of the change in accounting principle upon their initial application of SAB 122.

### **SEC staff revises guidance on shareholder proposals**

The DCF **rescinded** Staff Legal Bulletin (SLB) 14L and issued SLB 14M to clarify the staff's views on the conditions under which a company can exclude a shareholder proposal from its proxy materials in accordance with Rule 14a-8. SLB 14M rescinds previous staff guidance included in SLB 14L that was published in 2021 and limited the ability to exclude shareholder proposals that raised issues with "broad societal impact." SLB 14 M also reinstates parts of SLBs 14I, 14J and 14K that were rescinded in recent years.

### **SEC and CFTC extend Form PF amendments compliance date**

The SEC and the CFTC **extended** the compliance date for the amendments to Form PF to 12 June 2025 from 12 March 2025. A brief overview of the amendments to Form PF, which were adopted on 8 February 2024, can be found in the [April 2024 SEC in Focus](#).

## **Other SEC matters**

### **Personnel changes**

Samuel Waldon, Acting Deputy Director of the Division of Enforcement, is serving as Acting Director of the Division of Enforcement following the departure of Sanjay Wadhwa on 17 January 2025.

Ryan Wolfe, Chief Accountant of the Division of Enforcement, is serving as the SEC's Acting Chief Accountant following Paul Munter's retirement in January.

## **Enforcement activities**

### **SEC dismisses civil enforcement action against cryptocurrency exchange**

The SEC dismissed an ongoing civil enforcement action against the largest US-based cryptocurrency exchange and its holding company amid what it said is the pending work of the Crypto Task Force.

The SEC in June 2023 charged the cryptocurrency exchange with operating its crypto asset trading platform as an unregistered national securities exchange, broker and clearing agency and failing to register the offer and sale of its crypto asset staking-as-a-service program.

The SEC also recently dismissed litigation against several other crypto companies.

## SEC charges e-commerce food distributor with materially misstating revenue

The SEC charged a private e-commerce food distributor with negligently providing investors with financial information that materially overstated historical revenue by about \$550 million. The SEC order alleged that the financial statements were prepared by a now former employee with limited accounting experience.

The SEC order alleged that the company raised \$80 million from investors in a private Series D offering over a 15-month period using financial information that reflected significantly higher historical revenue than a set of revised financial information the company was using for other corporate purposes, including tax filings.

Without admitting or denying the allegations, the company agreed to a cease-and-desist order and an \$8 million civil penalty.

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