

## FORsights™

### 1Q 2025 SEC Regulatory Update: Registrants

This article provides an overview of recent SEC activity to help you keep track of this quickly evolving regulatory environment. This includes reminders on soon-to-be-effective rules, potential changes to the regulatory agenda and rulemaking process, and the Federal Reserve’s latest assessment on the stability of the U.S. financial system. The article is current through events of March 19, 2025.

## I. SEC Leadership & Direction

SEC chair nominee Paul Atkins’ approval hearings are tentatively scheduled for March 27, 2025. His previous time at the SEC, first as a staffer in the 1990s and then as a commissioner from 2002 through 2008, offers several insights into his approach to regulation and enforcement. In a speech to the American Institute of CPAs (AICPA) in 2005, Atkins [stated](#):

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*“It is inappropriate for regulators to take enforcement action over reasonable differences of opinion about the application of GAAP. Even if a sanction is “light,” the mere existence of an enforcement action is significant. We must acknowledge the heavy personal toll an enforcement investigation takes on the subjects of the action.”*

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The semiannual publication of the SEC’s regulatory agenda in 2Q 2025 is likely to see updates on the accredited investor definition, Regulation D reforms, and Rule 144a private placement holding periods. Capital formation is likely to be a top priority. Even before Atkins’ confirmation, SEC Commissioner Mark Uyeda is exercising his powers as acting chair to make some significant changes:

- On January 29, 2025, the SEC extended the compliance date for Form PF changes for funds.
- On February 11, 2025, Uyeda issued a [statement](#) that he halted SEC lawyers from defending existing legal challenges on the climate disclosure rule in the Eighth Circuit court.

**Registrants should continue to consider existing regulations that require disclosures of material information, events, and risks, including climate risk.**

**Resource:** [Updated SEC Expectations on Climate Disclosures](#)

- On February 25, 2025, the SEC extended the compliance dates for changes for U.S. Treasury clearing.
- On February 27, 2025, the SEC dropped its charges against Coinbase alleging that it was operating an unregistered exchange and sold unregistered securities.

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“... the regulation-by-enforcement strategy ill-served the Commission’s staff. The Commission—unwisely in my view—chose not to use its policy tools but instead relied on a series of enforcement actions to write crypto policy.” – Commissioner Hester Peirce

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- On March 3, 2025, the SEC’s [Division of Corporation Finance](#) enhanced the accommodations available for nonpublic review of draft registration statements to include additional registration statements, relax certain previous guidance, and include Exchange Act registration statements, e.g., Form 10, in the nonpublic review program. The initial nonpublic review accommodations were part of the *Jumpstart Our Business Startups Act* for emerging growth companies.

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*“Over the years, staff have observed companies seeking to raise capital are taking advantage of the nonpublic review process when available. Expanding these popular accommodations will provide new and existing companies greater flexibility to explore and plan public offerings. These enhanced accommodations will further support capital formation while retaining investor protections available to purchasers in public offerings.” – Cicely LaMothe, acting director of the SEC’s Division of Corporation Finance*

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**Resource:** [Capital Formation Outlook 2025](#)

- On March 10, 2025, the SEC issued a [final rule](#) repealing the August 2009 delegation of authority to issue formal orders of investigation (subpoenas) to the director of the Division of Enforcement “to more closely align the Commission’s use of its investigative resources with Commission priorities.”

## Rulemaking Process

In a recent [speech](#), Uyeda has highlighted a new blueprint for SEC rulemaking:

- Restore historical comment periods to at least 60 days or even 90 days for complex rule changes.
- Where appropriate, consider re-proposing rule changes when significant changes to a proposal are contemplated or re-opening the comment period for changes in market conditions or where significant time has passed since the original proposal.
- Develop a more robust feedback process, including roundtables, requests for information, concept releases, and advice notices of proposed rulemaking.
- Improve assessment of a rule’s economic impacts, especially for small entities.
- Update the small entity definition.

SEC rulemaking will be subject to a new process. On February 18, 2025, President Donald Trump signed an executive order, “[Ensuring Accountability for All Agencies](#),” requiring independent agencies—including the SEC—to submit draft regulation to the president’s Office of Information and Regulatory Affairs for review before **Federal Register** publication. Independent regulatory agencies must consult with the White House on their priorities and strategic plans, and the White House will set their performance standards. According to the order:

*“No employee of the executive branch acting in their official capacity may advance an interpretation of the law as the position of the United States that contravenes the President or the Attorney General’s opinion on a matter of law, including but not limited to the issuance of regulations, guidance, and positions advanced in litigation, unless authorized to do so by the President or in writing by the Attorney General.”*

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## Federal Staffing

The impact on the SEC’s staffing levels and morale is still unclear from the announced [hiring freeze](#), return to work [executive order](#), the U.S. Office of Personnel Management’s (OPM) Deferred Resignation Program (DRP), and [plans](#) to shrink the current civilian workforce.

On February 12, 2025, a judge lifted the pause on the DRP, noting that the unions that filed suit did not have standing to sue under the *Administrative Procedure Act* and that the U.S. District Court lacked jurisdiction (union suits should first go through the Federal Services Labor-Management Relation Statutes).<sup>1</sup> The ruling did not opine on the buyout’s legality or prevent future legal challenges. Several media sources noted that roughly 75,000 employees<sup>2</sup> had accepted the deal before [OPM](#) closed the program at 7 p.m. Eastern time on February 12, 2025.

As legal challenges continue, the directors from the Office of Management and Budget and the OPM announced more details operationalizing the workforce optimization executive order. Agencies had until March 13, 2025 to develop reorganization plans, including cost efficiencies, reduction in force plans, and a list of essential positions. Phase two deliverables due by April 1, 2025 include new organization charts and plans to move offices out of Washington, D.C.

In response to Trump’s executive order, “[Return to In-Person Work](#),” the SEC has notified union staffers to return to office beginning April 1, 2025.<sup>3</sup> The union representing SEC employees will challenge the mandate as it violates a 2023 collective bargaining agreement that allows for remote work but has advised its members to plan to comply with the order while litigation is underway. Forbes has reported that certain SEC staff have been offered \$50,000 to resign or retire in 30 days.<sup>4</sup>

## EDGAR

On March 2, 2025, the SEC opened enrollment in its [EDGAR Next](#) program. The EDGAR Next program generally consists of changes to the EDGAR technology to increase the security around accessing EDGAR and filing documents.

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<sup>1</sup><https://storage.courtlistener.com/recap/gov.uscourts.mad.280398/gov.uscourts.mad.280398.66.0.pdf>.

<sup>2</sup>“NBC News: White House says about 75K federal workers accepted ‘deferred resignation’ offer,” yahoo.com, February 12, 2025.

<sup>3</sup>“SEC calls staff back to office in April,” politicopro.com, February 26, 2025.

<sup>4</sup>“Would You Resign In One Month For \$50,000? The SEC Wants to Know,” forbes.com, March 6, 2025.

## II. Financial Stability Report Update

On a semiannual basis, the Federal Reserve publishes an assessment of the stability of the U.S. financial system. The [November 2024](#) report carries forward the same four concerns from the previous report:

- Valuation pressures.
  - Pressures elevated in equity, corporate debt, and residential real estate.
  - Commercial real estate properties continued to deteriorate, especially for office and multifamily sectors. Transaction prices may still not fully reflect the deterioration in market prices since many owners wait for more favorable conditions to put properties on the market.
  - Farmland prices are historically elevated relative to rents due to limited inventory of land despite declining farm income, elevated interest rates, and higher operating costs.
- Excessive borrowing by businesses and households.
  - Auto and credit card loan delinquencies remained above pre-pandemic levels.
  - Delinquencies at small businesses were above pre-pandemic levels as credit availability tightened.
- Excessive leverage within the financial system.
  - Banks' capital levels improved modestly but remain sensitive to changes in interest rates.
  - Hedge fund leverage was at or near the highest level since 2013.
- Funding risks.
  - Banks have increased brokered and reciprocal deposits or short-term wholesale funding, which are less stable than core insured deposits. Such funding can become more expensive or unreliable in periods of market stress.
  - Nontraditional liabilities at life insurers continued to be higher than average.
  - Stablecoins grew substantially and remain vulnerable to runs. The market cap grew to \$170 billion.

Other potential near-term risk to the financial system include:

- A worsening of global geopolitical tensions.
- A marked slowdown in economic growth, domestically or abroad.
- Shocks caused by cyber events.

## III. Enforcement

### Cybersecurity

The SEC [announced](#) it was creating a Cyber and Emerging Technologies Unit (CETU) to combat misconduct and to better protect retail investors. The new unit replaces the previous Crypto Assets and Cyber Unit and will focus on:

- Fraud committed using emerging technologies, such as artificial intelligence and machine learning.
- Use of social media, the dark web, or false websites to perpetrate fraud.

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- Hacking to obtain material nonpublic information.
- Takeovers of retail brokerage accounts.
- Fraud involving blockchain technology and crypto assets.
- Regulated entities' compliance with cybersecurity rules and regulations.
- Public issuer fraudulent disclosure relating to cybersecurity.

### Resources:

[Cyber Trends to Anticipate in 2025](#)

[Details on SEC's New Cybersecurity Disclosures](#)

## IV. SEC Oversight of the PCAOB

The *Sarbanes-Oxley Act of 2002* established the PCAOB to oversee the audits of public companies. The SEC provides oversight of the PCAOB, appointing its members and approving its budget and rules. Under Chair Erica Williams, the PCAOB has issued a record number of proposals and finalized guidance and, in 2024, imposed the highest amount in its history in fines and penalties. In comments made at the December 2024 AICPA conference, both Uyeda and the newly appointed House Financial Services Committee Chair French Hill expressed concerns on recent PCAOB costs and standard setting and signaled that all options were on the table for PCAOB's future from a new board to consolidation into the SEC. Former SEC Chairs Jay Clayton (2017 to 2020) and Gary Gensler (2021 to January 2025) set a precedent of removing the chair and board members with a change in the administration during their tenures.

Nominee Atkins has made his views on the PCAOB's role clear during his previous SEC tenure. In his [comments](#) to the AICPA in 2005, he stated, "It is clear that Congress considered the SEC's oversight to be critical, and I am committed to ensuring that we do not shirk this oversight role." In 2007, Atkins voted against the PCAOB's budget, noting, "the board's salaries are disproportionately high."<sup>5</sup> In 2020, Trump floated the idea of consolidating the PCAOB into the SEC and a bill was proposed—but never moved forward—by the then chair of the House Financial Services Committee.

On February 11, 2025, the PCAOB withdrew two rules it had passed on November 21, 2024 that were submitted to the SEC for approval, Firm Reporting<sup>6</sup> and Firm and Engagement Metrics.<sup>7</sup>

Forvis Mazars will continue to follow these developments and how they could impact future financial statement audits.

<sup>5</sup>"Should PCAOB be Consolidated into SEC?" [tax.thomsonreuters.com](https://tax.thomsonreuters.com), July 19, 2023.

<sup>6</sup>"Firm Reporting," [assets.pcaobus.org](https://assets.pcaobus.org), November 21, 2024.

<sup>7</sup>"Firm and Engagement Metrics," [assets.pcaobus.org](https://assets.pcaobus.org), November 21, 2024.

## V. Final Rules – On the Horizon

### 1. Conflicts of Interest – Securitization

On November 27, 2023, the SEC issued a [final rule](#) completing a Dodd-Frank Act mandate to prohibit conflicts of interest in securitizations. The rule covers an asset-backed security (ABS) and hybrid cash and synthetic ABS and applies to any underwriter, placement agent, initial purchaser, or ABS sponsor. The rule prohibits a securitization participant from entering into a conflicted transaction for a period ending one year after the date of the first closing of the ABS’s sale. A conflicted transaction means any of the following transactions if there is a substantial likelihood that a reasonable investor would consider the transaction important to the investor’s investment decision, including a decision on whether to retain the asset-backed security:

- A short sale of the ABS.
- The purchase of a credit default swap or other credit derivative that entitles the securitization participant to receive payments upon the occurrence of specified credit events with respect to the ABS.
- The purchase or sale of any financial instrument (other than the relevant ABS) or entry into a transaction that is substantially the economic equivalent of a transaction described in the first two bullet points above, other than—for the avoidance of doubt—any transaction that only hedges general interest rate or currency exchange risk.



## VI. Outstanding Proposals

### 1. Proposal – Financial Data Transparency

On August 2, 2024, the SEC and eight federal agencies jointly issued a [proposal](#) establishing technical standards for future data submissions fulfilling requirements of the *Financial Data Transparency Act of 2022* (FDTA). The proposal addresses only how data is to be submitted using common identifiers and open-source data standards; no new disclosures are required. The FDTA required each agency to independently adopt final data standards by December 2024; however, there are no penalties for not meeting these deadlines. Many of the mandates from the 2010 Dodd-Frank Act were passed several years after the legislation’s deadlines. Both the FDTA legislation and the SEC vote on the proposal had broad bipartisan support and this proposal is likely to move forward, but on a delayed basis after new SEC commissioners are appointed.

**Resource:** [SEC’s Joint Proposal Sets FDTA Data Standards](#)



One hundred and eleven comment letters were received. Municipal issuers universally opposed the proposal, citing federal overreach, the creation of an unfunded mandate, and the cost to small municipalities. Multiple commenters from the securities and banking industry disagreed with using FIGI and not CUIISP or ISIN as the legal entity indication default.

## 2. Shareholder Proposal Exclusion (Rule 14a-8)

On July 13, 2022, the SEC voted three to two to issue a [proposal](#) to update three substantive bases for excluding a shareholder proposal from a company's proxy statement. The changes would restrict the grounds for excluding shareholder proposals. If adopted, this would most likely increase the number of shareholder proposals included in proxy materials.

Given the original vote and the new balance of incoming SEC commissioners, this proposal may not move forward.

**Resource:** [Excluding Shareholder Proposals May Get Tougher With SEC Proposal](#)

## Conclusion

The assurance team at Forvis Mazars delivers our extensive experience and skilled professionals to help align with your objectives. Our proactive approach includes candid and open communication to help address your financial reporting needs. At the end of the day, we know how important it is for you to be able to trust the numbers; our commitment to independence and objectivity helps provide the security and confidence you desire. Forvis Mazars works with hundreds of publicly traded companies to deliver assurance, tax, or consulting services within the U.S. and globally. For more information, visit [forvismazars.us](https://forvismazars.us).

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