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Skadden Discusses SEC Moves to Lighten Regulation and Encourage Capital Formation

By Anita B. Bandy, Brian V. Breheny, Raquel Fox and Caroline S. Kim January 22, 2026

Comment

Under the leadership of Chairman Paul Atkins with a Republican majority on the commission, the Securities and Exchange Commission (SEC) is expected to continue on its trajectory toward regulatory reform that marks a pivot from the prior administration.

Expected Proposed Rulemakings

In September 2025, the SEC announced a new regulatory agenda that is intended to represent its “renewed focus on supporting innovation, capital formation, market efficiency, and investor protection.” Notably, the new agenda dropped a number of environmental, social and governance (ESG) initiatives from the prior administration. It also introduced several new areas of focus for rulemaking.

The following key changes affecting public companies would require SEC rulemaking, including subjecting proposed rules to a public comment period before final adoption.

Semiannual financial reporting. Chairman Atkins has expressed support for President Donald Trump’s renewed call to end quarterly reporting in favor of semiannual disclosures and announced that the SEC is “fast tracking” rulemaking in this area. During President Trump’s first term, the SEC published a request for comment on earnings releases and quarterly reports and hosted a roundtable, but did not pursue further reforms.

Rationalization of disclosure practices. The SEC is considering potential rule changes that rationalize disclosure practices to facilitate material disclosure by companies and shareholders’ access to that information. For example, streamlining executive compensation disclosures is expected to be an area of focus, following an SEC-hosted roundtable on executive compensation disclosure requirements with representatives from public companies, investors, industry groups and advisers in June 2025. (See our June 30, 2025, client alert “SEC Signals Coming Changes to Executive Compensation Disclosure.”)

Shareholder proposals. The SEC is revisiting the requirements of Securities Exchange Act Rule 14a-8, which regulate the inclusion of shareholder proposals in company proxy materials for annual shareholder meetings. Specifically, the SEC is considering potential rule changes to reduce compliance burdens for registrants and account for developments since the rule was last amended. In addition, an executive order issued in December 2025 directs the SEC to, among other things, revisit rules and regulations relating to proxy advisory firms and shareholder proposals that implicate “diversity, equity, and inclusion” and “environmental, social, and governance” priorities that are inconsistent with the purpose of the executive order. In November 2025, the SEC staff announced that the agency would decline to review most no-action requests to exclude shareholder proposals from company proxy materials for this proxy season in light of the backlog due to the government shutdown. In February 2025, the SEC staff issued guidance rescinding Biden-era staff guidance that had made it more difficult to exclude certain types of ESG-related shareholder proposals. (See our December 16, 2025, client alert “White House Executive Order Aims to Restrict the Influence of Proxy Advisory Firms” and September 25, 2025, client alert “Shareholder Proposal No-Action Requests in the 2025 Proxy Season: A Continuing Surge in Requests and a Favorable Regulatory Environment.”)

Capital formation. Proposed rulemakings are expected to include:

- Simplifying the pathways for private companies to raise capital.
- Modernizing the shelf registration process to reduce compliance burdens.

- Expanding emerging growth company accommodations to include more issuers.
- Simplifying filer status categories generally.

Foreign private issuers. The SEC is considering potential amendments to the definition of “foreign private issuer” following its June 2025 publication of a concept release soliciting public input in light of developments in the population of foreign private issuers. (See our June 6, 2025, client alert “SEC Requests Public Comment on the Definition of Foreign Private Issuer.”)

Cryptoassets and market structure. New rules are expected to clarify the regulatory framework for cryptoassets, including new and amended rules related to the offer and sale of cryptoassets, such as on exemptions and safe harbors. (See our August 8, 2025, client alert “A Closer Look at the Trump Administration’s Comprehensive Report on Digital Assets” and our April 30, 2025, client alert “SEC Moves Quickly to Create a Regulatory Framework for Cryptocurrencies and Reconsider Its Rules and Guidance.”)

Enforcement Priorities

During the past year, a key focus of the SEC’s enforcement efforts has been on intentional investor harm and the retail market, rather than on technical disclosure or record-keeping violations. The SEC has publicly emphasized the importance of enforcing rules against fraud and manipulation as well as offering frauds. Nearly one-third of enforcement actions brought under this administration involve offering fraud or insider trading, up from about a quarter during the same period last year.

Crypto enforcement has been pared back to only cases of clear fraud, with the SEC voluntarily dismissing several lawsuits involving cryptoasset-related conduct. Recent enforcement actions also indicate a reluctance to assess corporate penalties where there is no clear corporate benefit from the violation.

While the agency appears to have deemphasized purely technical or “compliance rule failure” cases, we expect it to continue focusing on material disclosure by public companies, by reverting to traditional notions of materiality where there is a clear impact to stock price, guidance and analyst coverage.

In addition, insider trading (including improper use of Rule 10b5-1 plans) remains a priority, as does market manipulation, with increasing attention on AI-related misrepresentations such as “deepfake” use, algorithmic trading firms and exaggerated technology marketing to lure investors. A cross-border task force was created to focus on enforcement lead generations for public companies based in Asia.

With respect to regulated entities, the SEC is expected to focus on conflict of interest disclosures, particularly where conduct impacts retail investors, and to use its authority under Regulation Best Interest (which was adopted under the first Trump administration). These priorities have already been reflected in cases brought by this administration.

Opening up private equity investments to retail markets — which the administration supports — could also prompt enforcement attention on issues relating to redemption rights, liquidity, preferential treatment and management fees.

Lastly, changes in the SEC staff’s internal structure and processes are intended to promote greater consistency in cases across the Enforcement Division, more transparency and earlier involvement of the commission in the investigation process. (See our April 30, 2025, client alert “SEC Enforcement Policies Suggest a Return to Basics.”)

This post is based on a Skadden, Arps, Slate, Meagher & Flom LLP memorandum, “SEC Moves to Lighten Regulation and Encourage Capital Formation,” dated January 13, 2026, and available [here](#).

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