

## Press Release

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SEC Chairman Jay Clayton Confirms Plans to Conclude Tenure at Year End

### **Clayton Led Agency Through Period of Historic Productivity and Unprecedented Challenges; Commission Redoubled Focus on Interests of Long-Term Main Street Investors, Ensured Capital Markets Functioned With Increased Efficiency, Resilience and Transparency**

**FOR IMMEDIATE RELEASE**

**2020-284**

*Washington D.C., Nov. 16, 2020* —Jay Clayton, Chairman of the Securities and Exchange Commission, confirmed today that after serving for more than three and a half years, he will conclude his tenure at the end of this year.

Chairman Clayton was sworn in on May 4, 2017, and will leave the SEC as one of its longest serving Chairs. During his tenure, Chairman Clayton focused the agency's resources on advancing the interests of Main Street investors through initiatives that promoted economic growth, investment opportunity, market integrity and investor protection. Under Chairman Clayton's leadership, the Commission enhanced the ability of businesses of all sizes to raise capital in our public and private markets, subject to strong and effective investor protections.

The Commission also strengthened its examination and enforcement programs, setting various annual records. During Chairman Clayton's tenure the Commission obtained orders for over \$14 billion in monetary remedies, including a record \$4.68 billion in fiscal year 2020, and returned approximately \$3.5 billion to harmed investors. The Commission conducted over 10,000 exams, including a record for the number of investment adviser exams in fiscal year 2018. In addition, during Chairman Clayton's tenure, the Commission paid approximately \$565 million to whistleblowers, including the largest single award in the program's history (\$114 million). More detail on the scope of the Commission's work is available [here](#).

"Working alongside the incredibly talented and driven women and men of the SEC has been the highlight of my career," said Chairman Clayton. "I am proud of our collective efforts to advance each part of the SEC's tripartite mission, always with an eye on the interests of our Main Street investors. The U.S. capital markets ecosystem is the strongest and most nimble in the world, and thanks to the hard work of the diverse and inclusive SEC team, we have improved investor protections, promoted capital formation for small and larger businesses, and enabled our markets to function more transparently and efficiently."

"I would like to thank President Trump for the opportunity, and the support and freedom, to lead the women and men of the SEC," continued Chairman Clayton. "In addition, the cooperation and assistance of Secretary Mnuchin and his team at the Department of the Treasury, Chair Powell and Vice Chair Quarles and their colleagues at the Federal Reserve, Chairmen Giancarlo and Tarbert and the CFTC, Chairman McWilliams and the FDIC, and our other fellow federal financial regulatory agencies have been remarkable. I also want to thank my immediate predecessor, Mary Jo White, and all former Chairs of the Commission. The opportunities we have had are a result of their efforts and stewardship. I am also grateful to my fellow Commissioners and the SEC staff for their dedication. Through their continued service, I know the SEC is well-positioned for prolonged success."

**Overseeing a Historically Productive Rulemaking Agenda**

Last updated: 11/16/2020

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Under Chairman Clayton’s leadership, the agency experienced a historically productive rulemaking period, advancing more than 65 final rules to date from the Commission’s policy divisions and offices, many of which modernized and improved rule sets that had not been reviewed and updated in decades. To promote transparency and engagement with market participants, Chairman Clayton established the practice of using the agency’s congressionally-mandated near-term agendas as a transparent roadmap for Commission’s regulatory work over the next year. Under Chairman Clayton, the SEC has to date timely advanced an average of 86% of the initiatives on the near-term agendas.

An emphasis on transparency and modernization helped propel the agency forward on a great number of significant rulemakings and other policy enhancements under Chairman Clayton’s leadership. Highlights include:

- Substantially enhancing, through [Regulation Best Interest](#), the standard of conduct required for broker-dealers when dealing with retail customers, and clarifying the fiduciary duties owed by investment advisers to their clients;<sup>[1]</sup>
- Providing retail investors with simple, easy-to-understand information about the nature of their relationship with their financial professional, [through new Form CRS](#);
- Simplifying, improving and harmonizing the “patchwork” [exempt securities offering framework](#) utilized by smaller and medium-sized businesses and startups;
- Facilitating the ability of companies to transition to public status subject to strong investor protections, including through [modernizing](#) and [simplifying](#) corporate disclosures (including financial disclosures), [expanding](#) the scope of smaller public companies that qualify for scaled application of disclosure and other requirements, and [expanding](#) JOBS Act benefits to additional public companies while generally improving the review process for initial offerings;
- Increasing protections for retail investors against microcap fraud by modernizing the rule [governing quotations in over-the-counter securities](#) and issuing guidance regarding [omnibus accounts](#);
- Enhancing the Commission’s [whistleblower program rules](#) to add clarity, transparency and efficiencies, allowing the Commission to get larger awards into the hands of whistleblowers at a faster pace;
- Standing up the comprehensive framework for the regulation of [security-based swaps](#) mandated by Title VII of the Dodd-Frank Act;
- [Improving disclosure content requirements](#) to reflect changes in technology, business operations and our economy more generally, including by adding a description of human capital resources as a specific disclosure requirement for the first time;
- Establishing a [consistent framework](#) to launch certain types of ETFs, promoting innovation and competition;
- Modernizing disclosure processes, both for [companies](#) and [investment funds](#), to more effectively deliver material information to investors;
- Modernizing the [shareholder engagement process](#), including the shareholder proposal process and the use of [proxy voting advice businesses](#) by investment advisers;
- Improving the National Market System (NMS) and [rules governing securities exchanges](#) and alternative trading systems to benefit investors; and
- Enhancing transparency in trading, including specific initiatives in [alternative trading systems](#) and the [municipal bond market](#).

#### **Strengthening the Commission’s Enforcement and Examination Programs**

Chairman Clayton’s focus on the interests of long-term Main Street investors has also been reflected in the robustness of the Commission’s examination and enforcement programs. During Chairman Clayton’s tenure, the SEC increased the coverage rate of investment adviser examinations, with the total number of annual examinations in 2019 up more than 25% from 2016. The Office of Compliance Inspections and Examinations, together with colleagues across the agency, increased its focus on cybersecurity, publishing a number of risk alerts for registrants to help them prepare for and respond to emerging cyber threats.

Under Chairman Clayton’s leadership, the SEC’s Division of Enforcement established a Retail Strategy Task Force, Teachers’ Initiative, and Military Service Members’ Initiative to concentrate efforts to combat fraud and educate investors. The Enforcement Division also brought thousands of impactful cases and held individuals accountable, bringing charges against individuals in approximately 68 percent of its cases.

Since May 2017, the Commission:

- brought over 2,750 enforcement actions,
- obtained more than \$14 billion in financial remedies,
- distributed approximately \$3.5 billion to harmed investors, and
- paid awards of approximately \$565 million to whistleblowers.

Under Chairman Clayton’s leadership, the SEC achieved record years in financial remedies ordered (2019, 2020) and its three highest years of whistleblower awards (2018, 2019, 2020). The SEC also distributed more funds to investors in 2017 and 2019 than any other year since the agency began tracking this metric in 2012.<sup>[2]</sup>

#### **Navigating Changes in Our Markets and the COVID-19 Pandemic**

The SEC also pivoted to deal with several unanticipated issues affecting investors and markets. Most notably, Chairman Clayton and his team of talented Division and Office leaders effectively steered the agency through the challenges posed by the [COVID-19 pandemic](#), placing a priority on the health and safety of agency employees and market participants while seeking to ensure the integrity of the securities markets. Under Chairman Clayton’s leadership, the agency worked to ensure that markets continued to function in times of heightened volatility, including by closely coordinating with market intermediaries, investors, other market participants, and domestic and international regulators. The agency provided relief to allow market participants to adapt to evolving challenges, subject to appropriate conditions for the protection of investors. The agency also worked to promote robust disclosures from issuers on their operations and financial condition – including forward-looking disclosures – as efforts to fight COVID-19 progressed.

In addition to the global COVID-19 pandemic, the SEC effectively navigated several other significant developments in the markets, the country and the world during Chairman Clayton’s tenure.

Beginning in 2017, U.S. capital markets experienced a sudden proliferation of initial coin offerings (ICOs), products that, while potentially representing new frontiers in finance, also attracted substantial fraudulent activity. Under Chairman Clayton’s leadership the agency acted quickly and decisively to combat fraud and pave the way for innovation. Working together, the Division of Enforcement – including through its newly formed Cyber Unit –brought swift actions against those violating the federal securities laws while the Divisions of Corporation Finance, Investment Management and Trading and Markets provided clarity to investors and market professionals through a series of measured yet timely actions.

Chairman Clayton also has guided the agency through several major global shifts in financial regulation – some of which are still evolving –such as the European Union’s adoption of the MiFID II reforms, the transition away from LIBOR, and Brexit.

#### **Leading Efforts to Promote Diversity, Inclusion and Opportunity**

Under Chairman Clayton’s leadership, the SEC made great strides toward promoting diversity, inclusion and opportunity both within the agency and in the industries it regulates. Chairman Clayton served as Chair of the SEC’s Diversity Council and sponsor of the SEC’s African American Council; Hispanic and Latino Opportunity, Leadership, and Advocacy Committee; and Veterans Committee. He also led agency-wide roundtables and town halls on mentorship; unconscious bias; and diversity, inclusion and opportunity. It is Chairman Clayton’s view that diversity, inclusion and opportunity are not only the right thing, but that a collective commitment to these principles strengthens and enhances the performance of an organization. Among other initiatives advanced during Chairman Clayton’s tenure, the agency:

Last updated: 11/16/2020

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- released the SEC’s first-ever [Diversity and Inclusion Strategic Plan](#), which outlines specific goals and strategies for continuing to build a workforce that will deliver on the SEC’s mission;
- created and implemented an agency-wide mentoring program;
- created the new position of Senior Policy Advisor on Diversity and Inclusion; and
- launched a number of further initiatives to promote diversity, inclusion and opportunity throughout the agency, including through enhancing diversity on hiring committees and interview panels; promoting equity and opportunity for selection to senior leadership positions; improving succession planning by providing more leadership development opportunities; and enhancing inclusion for colleagues with disabilities.

Chairman Clayton and his staff also participated in numerous public events dedicated to diversity, inclusion and opportunity, including with the National Association of Securities Professionals, SIFMA, the Association of African-American Financial Advisors, and the New America Alliance. In addition, several of the SEC’s advisory committees held special meetings dedicated to promoting diversity, inclusion and opportunity in their respective industries. More about the SEC’s past and ongoing efforts to promote diversity, inclusion and opportunity is available [here](#).

Chairman Clayton was born at Fort Eustis in Newport News, Virginia, and was raised primarily in central and southeastern Pennsylvania. In his professional career, he has lived in Philadelphia, New York, London, and Washington, DC. Prior to joining the Commission, Chairman Clayton was a partner at Sullivan & Cromwell LLP, where he was a member of the firm’s Management Committee and co-head of the firm’s corporate practice. From 2009 to 2017, Chairman Clayton was a Lecturer in Law and Adjunct Professor at the University of Pennsylvania Law School.

Prior to joining Sullivan & Cromwell, Chairman Clayton served as a law clerk for the Honorable Marvin Katz of the U.S. District Court for the Eastern District of Pennsylvania. A member of the New York and Washington, DC bars, Chairman Clayton earned a BS in Engineering from the University of Pennsylvania (summa cum laude), a BA and MA in Economics from the University of Cambridge (Thouron Scholar), and a JD from the University of Pennsylvania Law School (cum laude, Order of the Coif).

[1] For the first time, regardless of whether an investor chooses a broker-dealer or an investment adviser, the investor is entitled to a recommendation that is in the investor’s best interest and that does not place the interests of the firm or the financial professional ahead of the investor.

[2] See SEC Division of Enforcement 2020 Annual Report, available at <https://www.sec.gov/files/enforcement-annual-report-2020.pdf>. Under Chairman Clayton’s leadership, these annual reports on the Enforcement Division’s performance were first issued beginning in 2017. Record years for remedies ordered were since at least 2002, which is as far back as the agency reliably tracks this metric.

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