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SPEECH

Capital, Choice, and the Pursuit of Happiness: Remarks at The SEC Speaks in 2026

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Thank you, [former Commissioner] Laura [Unger], for that kind introduction.[1]

This year, America will celebrate the 250th anniversary of the Declaration of Independence, a document that came into existence during a period of transformational thinking about the relationship between the people and how they are governed. In an era of European monarchies and the divine right of kings, the idea that those in government derive their power from the consent of the governed was a stark departure from the status quo.

A. Pursuit of Happiness

The Declaration of Independence, penned by Thomas Jefferson, declared to the world that certain truths were self-evident. People are endowed with certain unalienable rights. Among these unalienable rights are “life, liberty, and the pursuit of happiness.”[2]

Jefferson adapted this important phrase from John Locke’s *Two Treatises of Government* (1690), in which Locke identified life, liberty and property as foundational natural rights.[3] Scholars have long hypothesized on why

Jefferson replaced “property” with the “pursuit of happiness.”^[4] Today, I want to reflect on what this small, but meaningful, adaptation means for us today, and specifically, what this means for the work of the Commission.

The pursuit of happiness. It is a more elastic and somewhat more amorphous concept than property, but perhaps the most distinctly American idea in a document full of them. It is not the guarantee of happiness. It is not the government’s obligation to deliver happiness. It is the right to *pursue* happiness: to start a business, to choose your occupation, to risk your capital, and to reap the rewards or absorb the losses of your own decisions. Although the SEC did not exist during the earlier parts of American history, the ideals that underpinned America’s foundation should continue to guide how we think about opportunity, accountability, and the proper limits of government action.

The Declaration of Independence reflects a broader American belief that individuals are not bound to the circumstances of their birth or class in society. It is forward-looking and not wedded to the past. The pursuit of happiness — one’s chosen vocation, ambition, or enterprise — is not predetermined by lineage. It embodies the notion that each generation can forge its own path through self-determination and agency. Free enterprise, innovation, and entrepreneurship are not afterthoughts to the American experiment. They were woven into America’s DNA from the very beginning. Two hundred and fifty years later, the freedom to choose your own direction remains one of America’s most powerful promises.

What transformed the pursuit of happiness from an aspiration into actuality was the development of America’s capital markets. During the 18th century, the Dutch operated some of the most advanced capital markets for their time. Perhaps it is not surprising, in a city founded as New Amsterdam, that less than a decade after the end of the American Revolution, twenty-four stockbrokers would sign the historic Buttonwood Agreement that would give rise to the New York Stock Exchange.^[5]

The ability to raise capital played a pivotal role in facilitating America’s evolution from an agrarian society to the world’s leading economic power. But capital comes at a cost and effective regulation can lower the cost of capital.

Investors may be willing to take certain risks with a potential investment — particularly if it is part of a diversified portfolio — but investors do not want their money stolen or to be misled about the risks, returns, financial condition, or prospects of an investment. If the capital markets are rife with bad actors, investors will either not invest at all or demand higher returns to compensate

for the added risk of fraud. Either way, even legitimate and honest companies will face a higher cost of capital because of the presence of bad actors.

Over time, Congress recognized that regulation and oversight of the capital markets could benefit economic growth and enacted the federal securities laws. However, rather than having government bureaucrats engage in merit review of securities offerings, similar to how various state securities laws then operated, Congress created a statutory framework with the Commission serving as a disclosure regulator.

Hence, it is not the SEC's role to decide which ideas are worthy of capital, which business models are viable, or which entrepreneurs deserve a chance. That is the market's job. Our responsibility is to ensure that investors have accurate, honest, and financially material information to make those judgments for themselves.

As a result, a company with unproven technology, and a long road to profitability, can still access America's public markets, so long as it tells investors exactly what it is and what are the risks. Some will be successful in executing their business plans, while many others will fail. The risk of failure, however, is an important, integral, and expected part of the process.

Markets reward enterprises that create value and take away resources from those that do not, in ways that no regulator or central planner could ever replicate. Capital allocation in the free markets, despite periodic booms and busts, often channels resources to new ventures that challenge incumbents. Opportunity is available, albeit at times imperfectly and unevenly, to those with the ideas and determination to pursue them. And the results speak for themselves. America's capital markets have powered every chapter of this country's economic ascent from westward expansion to the modern technological era.

1. Public Markets

The Commission has a responsibility to preserve and strengthen that tradition, and we are working on meaningful steps intended to revitalize the public markets. Post-Enron reforms,^[6] although well-intentioned, have had the effect of making initial public offerings (IPOs) less of an avenue where companies can raise capital and broaden ownership among the public and more of a liquidity event for insiders and early stage investors. As we seek to incentivize more businesses to IPO and increase the pool of public companies, it is worth

assessing whether the current SEC regulatory regime is conducive to going and staying public.

In this spirit, we are working to modernize the shelf registration process to reduce compliance burdens and further facilitate access to capital. Shelf registration provides significant advantages and flexibility for eligible companies to manage capital and liquidity needs. By using shelf registration, companies can offer securities to investors when market conditions become favorable; on the flip side, companies will also have the ability to quickly secure funds in stressed market conditions — essential for maintaining operations or servicing debt. The staff has also been instructed to engage in a comprehensive review of Regulation S-K to assess the effectiveness of current disclosure requirements and to consider permitting companies to change their periodic reporting cycle from quarterly to semi-annually.

There are a few other examples where we may be able to improve disclosure requirements so that they are relevant and efficient. For example, we should revisit the thresholds for being an “Emerging Growth Company” (“EGC”) and “Smaller Reporting Company” (“SRC”). For too long, the disclosure framework for public companies was built around a one-size-fits-all model that imposed the same disclosure burdens on smaller companies as on large, seasoned conglomerates. Recalibrating the EGC and SRC thresholds is not a matter of lowering standards. It is a matter of ensuring that regulatory burdens correspond to the size, sophistication, and regulatory risk profile of each company, and that smaller issuers are not driven out of the public markets before they ever have an opportunity to grow into them.

Taken together, these reforms reflect a simple conviction: that vibrant public markets require on-ramps, not obstacle courses.

2. Private Markets

But public markets do not thrive in isolation. The public and private markets co-exist in a symbiotic relationship. Private markets have always been the seedbed where ideas become businesses, from which public markets draw their most dynamic companies. For much of modern history, private markets have incubated companies that were not yet ready for the public markets, which at some point in the future when they were at a more mature stage, went public. The question is not how to choose between them; it is how to

allow everyday Americans to have exposure to the opportunities that exist in both markets.

Until now, the benefits of private market investing have been reserved for institutional investors — pension funds, endowments, family offices, and sovereign wealth funds — while retail investors saving for retirement have been effectively excluded. The disparity is difficult to ignore. The teacher or firefighter whose retirement is managed by a public pension fund has benefited from meaningful private market exposure for years.[7] The private sector worker saving through mutual funds in a 401(k) plan has not. In an environment where public market securities are becoming increasingly concentrated and correlated,[8] exclusive reliance on such securities may no longer provide the diversification that retirement savers need and deserve. Private assets, such as private equity, private credit, venture capital, infrastructure, and real estate, can enhance overall performance returns and reduce volatility when included as part of a diversified portfolio.

The argument against allowing retail access is familiar: private investments are illiquid, complex, and unsuitable for retail investors. This framing gets the analysis backwards. Retirement savers are often long-term investors, and private investments can offer a premium for that illiquidity. For long-term investors saving for retirement, this tradeoff can be not only acceptable, but desirable. The notion that a zero allocation to private assets is somehow inherently safer or more desirable than a diversified allocation is not investor protection. It is not the government's role to impose its judgment as to what opportunities investors may pursue, particularly when these choices are often being made by a fiduciary.

The Commission is working to change that. We have already taken steps in that direction, including lifting the 15% cap on investments in private funds for closed-end funds.[9] We are also actively engaged on how to expand retail investor exposure to private markets. We are working to ensure that the SEC and the Department of Labor are aligned in providing fiduciaries the regulatory clarity and safe harbors they need to prudently include private assets in defined contribution plans — because access alone is not enough if plan sponsors are deterred by litigation that second-guesses good-faith decisions with the benefit of hindsight.

B. Role of Government

The Declaration of Independence stated that the unalienable rights of life, liberty and the pursuit of happiness must be secured. So how should that apply in the context of the SEC and the capital markets?

It means that our role is not to stand between Americans and their economic aspirations in the name of protecting them from themselves. Instead, it means that our job is to build and maintain the infrastructure that makes free markets possible — clear rules, honest disclosure, and timely accountability for fraud and manipulation. It means that when we adopt rules, we should ask not only whether they prevent harm, but also whether they preserve freedom for investors.

Capital markets are not perfect, and the cost of capital can increase dramatically in markets that lack rules and safeguards. A free market without proper oversight lacks the tools to prevent and address fraud, insider trading, market manipulation, and market failures such as monopolies that stifle competition. Capital markets will fall far short of their potential if there is a significant lack of transparency and information asymmetry. Investors — those persons who put their capital at risk — will simply withdraw.

However, investor protection does not mean that government ought to engage in paternalistic control. Innovation cannot wait indefinitely for regulators and we cannot suffocate innovation under the guise of investor protection. When the Commission fails to provide workable regulations, markets do not stand still. They move elsewhere. And when they move elsewhere, investors lose, competition suffers, and the Commission's credibility as a forward-looking regulator is diminished.

Nowhere is the Commission's stifling of innovation more apparent than in its recent treatment of crypto assets. The United States had an opportunity to lead the world in building a regulated, transparent, and competitive crypto asset market. However, rather than engaging seriously with the question of how existing securities laws apply to these novel asset classes, the Commission chose enforcement as its primary regulatory tool. Exchanges that sought to register were turned away or left in regulatory limbo. Token issuers who asked for guidance received subpoenas instead. Lenders and custodians who tried to engage with the Commission in good faith were met with litigation.

The message was unambiguous: do not bother trying to comply with the SEC rulebook. American investors were left with fewer regulated options, not more, and they did not stop participating in crypto asset markets. They simply did so on platforms and in venues abroad and outside the reach of U.S. securities laws. Regulations should not predetermine outcomes or restrict participation under the assumption that individuals are incapable of making informed choices.

Instead, the role of the regulator should be to create conditions in which investors can make informed decisions, entrepreneurs can raise capital honestly, and markets can allocate resources efficiently. Innovation in financial markets has always required regulatory clarity. The development of money market funds, ETFs, and electronic trading all required the Commission to grapple with novel structures and adapt its rules accordingly. In each case, the Commission's willingness to engage led to markets that were broader, more liquid, and more accessible to a wider investor base.

The proof of these principles is visible in the work that the Commission has completed during the past year and in the work that lies ahead. We granted exemptive relief to asset managers to offer mutual funds and ETFs to operate as share classes in a single fund.^[10] We granted exemptive relief that would allow 24/7 trading and instant settlement for tokenized shares of a money market fund, all within the regulatory perimeter of the Investment Company Act of 1940.^[11] We have also proposed amendments to the rules that define which funds and advisers qualify as small entities for purposes of the Regulatory Flexibility Act, in an effort to reduce the regulatory burden on smaller market participants.^[12]

We have forthcoming rulemakings that will be consequential. We are actively exploring how to expand retail investor access to private markets. We are developing an innovation exemption that would facilitate limited trading of certain tokenized securities. And after years in which the Commission's misguided posture toward crypto assets was defined by regulation-by-enforcement, we are now building a proper regulatory framework for them. We are also thinking about potential changes to the custody rule to accommodate the advent of new asset classes and different types of custodians. Moreover, the staff is conducting an ongoing evaluation of whether legacy rules continue to reflect market realities or simply persist by inertia.

C. Restoring the Balance between Freedom and Protection

Two-hundred and fifty years ago, America embarked on an experiment in democracy. The Founders had seen what happens when the state appoints itself the arbiter of which enterprises are worthy, which ideas deserve capital, and which individuals may pursue their ambitions. The Founders built something different, based on the principle that government exists to secure the conditions for human flourishing, not to determine its content. It is this liberty that allowed the United States to move ahead of global competitors and achieve economic prosperity and innovation. The United States remains the land of opportunity — not as a slogan, but as a lived reality for millions who have pursued careers, businesses, and ideas far different from the generations before them.

The Commission's tripartite mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. Each part of that mission matters. Protecting investors means requiring honest disclosure and accountability for fraud. Maintaining fair markets means setting clear, consistent, and predictable rules. Facilitating capital formation means keeping the pathways to capital open, for both the established companies and the untested startup alike. When we allow any one of them to crowd out the others, we lose the balance the Founders understood intuitively: that freedom and protection must go hand in hand.

Today, the Commission is working to restore that balance and rejuvenate the spirit of the Declaration of Independence in our markets. Every entrepreneur who raises capital is exercising the freedom America's founders envisioned. Every investor who risks his or her hard-earned dollars on a new company is affirming the principle of self-determination. Every market transaction, freely entered into, is a small act of independence. What is at stake is larger than any individual rulemaking. The United States has led the world in innovation and capital formation, but that edge is not guaranteed. America's next 250 years will be shaped by ideas we have not yet heard of, building things we cannot yet imagine, and in markets that do not yet exist. The Commission's job is to make sure that an honest, efficient, and open infrastructure is there when they arrive — to ensure that the pursuit of happiness remains exactly what the Founders intended it to be: a right that belongs to everyone willing to pursue it.

Thank you for the opportunity to speak with you this morning. I would also like to thank the Commission's staff who have put an enormous amount of effort into organizing the event and preparing the presentations for this program. Their dedication to the Commission's mission helps to maintain the robust capital markets that afford opportunities for everyone.

[1] My remarks today reflect my views as an individual Commissioner and not necessarily the views of the full Commission or my fellow Commissioners.

[2] The Declaration of Independence (U.S. 1776).

[3] John Locke lists the natural rights of "life, liberty, and estate," with "estate" being what we would consider "property" today. John Locke, *Two Treatises of Government* § 87 (Thomas Hollis ed. 1764) (1690).

[4] See, e.g., Carli N. Conklin, *The Origins of the Pursuit of Happiness*, 7 Wash. U. Juris. Rev. 195, 197-199 (2015).

[5] *The History of NYSE*, N.Y. Stock Exch. (last visited Mar. 19, 2026), <https://www.nyse.com/history-of-nyse> [_ \(https://www.nyse.com/history-of-nyse\)](https://www.nyse.com/history-of-nyse).

[6] See Sarbanes–Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745 (2002).

[7] State pension funds across the country have reported private equity returns significantly outpacing their public market counterparts over ten-year periods. CalPERS reported an 11.6% overall return for fiscal year 2024-2025, driven in significant part by a 14.6% return from its private equity portfolio. CalPERS, *CalPERS Announces Preliminary 11.6% Return for 2024-25 Fiscal Year*, CalPERS Newsroom (July 14, 2025), <https://www.calpers.ca.gov/newsroom/calpers-news/2025/calpers-announces-preliminary-116-return-for-2024-25-fiscal-year> [_ \(https://www.calpers.ca.gov/newsroom/calpers-news/2025/calpers-announces-preliminary-116-return-for-2024-25-fiscal-year\)](https://www.calpers.ca.gov/newsroom/calpers-news/2025/calpers-announces-preliminary-116-return-for-2024-25-fiscal-year).

[8] The top 10 companies in the S&P 500 now account for nearly 40% of that index's total market capitalization. See *S&P 500 – Data – Characteristics*, S&P Global (last visited Mar. 19, 2026),

<https://www.spglobal.com/spdji/en/indices/equity/sp-500/#data> [_ \(https://www.spglobal.com/spdji/en/indices/equity/sp-500/#data\)](https://www.spglobal.com/spdji/en/indices/equity/sp-500/#data).

[9] Division of Investment Management, *Accounting and Disclosure Information 2025-16 – Registered Closed-End Funds of Private Funds* (Aug. 15, 2025), <https://www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds> [_ \(https://www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds\)](https://www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds).

[10] E.g., Order under Sections 6(c) and 17(b) of the Investment Company Act of 1940, DFA Investment Dimensions Group., et al., Release No. IC-35786 (Nov. 17, 2025), <https://www.sec.gov/files/rules/ic/2025/ic-35786.pdf> [_ \(https://www.sec.gov/files/rules/ic/2025/ic-35786.pdf\)](https://www.sec.gov/files/rules/ic/2025/ic-35786.pdf).

[11] Order under Sections 6(c) and 17(d) of the Investment Company Act of 1940 and Rule 17d-1 under the Act, WisdomTree Digital Trust, et al., Release No. IC-35968 (Feb. 23, 2026), <https://www.sec.gov/files/rules/ic/2026/ic-35968.pdf> [_ \(https://www.sec.gov/files/rules/ic/2026/ic-35968.pdf\)](https://www.sec.gov/files/rules/ic/2026/ic-35968.pdf).

[12] “Small Business” and “Small Organization” Definitions for Investment Companies and Investment Advisers for Purposes of the Regulatory Flexibility Act, Release Nos. IA-6935, IC-35864 (Jan. 7, 2026), 91 FR 1107 (Jan. 12, 2026), <https://www.sec.gov/files/rules/proposed/2026/ia-6935.pdf> [_ \(https://www.sec.gov/files/rules/proposed/2026/ia-6935.pdf\)](https://www.sec.gov/files/rules/proposed/2026/ia-6935.pdf).

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