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Regulatory Update

The Securities and Exchange Commission Announces Its Strategic Plan for 2026–30

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In June, the Securities and Exchange Commission (SEC) published [a draft strategic plan](#) (the Plan) setting forth the SEC's high-level strategic goals for 2026–30. The Plan contains three main goals: fostering innovation, pivoting toward stakeholder engagement and away from regulation by enforcement, and streamlining and optimizing the effort of the SEC's personnel.

In the Plan, Chairman Paul Atkins repeated, [as he has for decades](#), the SEC's three-part mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation. He emphasized that the SEC will not stray from that mission while he is Chairman.

Background

The Government Performance and Results Modernization Act of 2010 requires the SEC to outline its strategic goals every four years. The SEC last published [a strategic plan in 2022 under the prior SEC chairman](#). The 2022 plan emphasized aggressive enforcement, additional disclosure requirements (such as disclosures related to climate risk and human capital), and the risks posed by digital assets.

In contrast, the SEC's recently released Plan focuses on what the SEC characterized as developing a workable regulatory framework for digital assets and facilitating capital formation for entrepreneurs—including by reducing disclosure and compliance burdens, and returning the SEC's enforcement approach to Congress' original intent. Chairman Atkins already has taken several steps consistent with these goals. (Paul Hastings has analyzed these developments in prior client alerts available [here](#), [here](#), [here](#), [here](#), and [here](#).)

The Goals and Objectives in the Draft Strategic Plan

The Plan sets forth three main goals and lists multiple objectives under each. Below are the key points from these goals and objectives:

Goal 1: Renew regulatory policy focus to support innovation, capital formation, market efficiency, and investor protection.

This goal reinforces the SEC's ongoing efforts to develop a regulatory framework that supports developments in digital assets, distributed ledger technologies, and alternative trading platforms. The goal also seeks to modernize and simplify disclosure practices, expand access to private markets, and enable new capital-raising pathways for entrepreneurs and small businesses. The Plan

emphasizes that any new rules “must be grounded in rigorous, unbiased assessments of costs and benefits” to avoid adding “needless friction in the marketplace.”

The Plan lists three main objectives under this goal:

- *Objective 1.1: Provide a firm regulatory foundation for digital assets and distributed ledger technologies through a rational, coherent, and principled approach.* A notable part of this objective is the acknowledgement that a “clear and consistent approach” to digital assets “is needed to provide legal certainty for innovators while protecting investors and preserving market integrity.”
- *Objective 1.2: Provide meaningful pathways for entrepreneurs to obtain the capital that they need to execute their innovative ideas and grow their companies in both the private and public markets.* To meet this objective, the Plan proposes, among other things, modernizing outdated rules that inhibit fundraising, streamlining disclosure requirements, and enhancing Regulation A, which allows certain companies to raise capital from the public more easily than a traditional initial public offering.
- *Objective 1.3: Ensure that SEC regulations balance costs and benefits and do not add needless friction to the marketplace.* The Plan emphasizes that any new rules must not impose “unnecessary burdens that suffocate innovation or reduce market efficiency.” The Plan also states that existing rules should be reassessed “to ensure they reflect current market realities.”

Goal 2: Shift regulatory practices to increase stakeholder engagement, facilitate compliance efforts of market participants, and effectively return enforcement to Congress’ original intent.

This goal describes the SEC intent to maintain an open dialogue with businesses, investors, and industry groups regarding market developments and the practical effects of SEC rules. This Plan emphasizes that effective enforcement is important, but that enforcement should focus on “clear violations of established law—particularly fraud and manipulation—rather than on expanding regulatory reach through ad hoc enforcement actions.” This goal also mentions re-evaluation of SEC rules, in particular “rules related to foreign private issuers, executive compensation, and private fund reporting.”

The Plan lists four main objectives under this goal:

- *Objective 2.1: Increase staff engagement with business and industry groups.* Notably, the Plan signals the SEC’s willingness to adopt a “more collaborative regulatory posture” to foster trust, improve transparency, promote compliance, and ensure the SEC’s rules are tailored to real-world conditions. The Plan specifically mentions a willingness to engage in dialogue with “businesses, investors, and other stakeholders” to stay informed about emerging trends, challenges, and innovations.
- *Objective 2.2: Restore the SEC’s enforcement approach to one that polices violations of established law, with a particular emphasis on fraud and manipulation.* Most importantly, the Plan expresses the SEC’s intent to return enforcement to “Congress’ original intent” and bring “enforcement actions that are grounded in statutory authority and due process,” a theme that Chairman Atkins has [repeated consistently for decades](#). The Plan also states that the success of the SEC’s enforcement program “should be measured not by the number of cases or fines, but by the deterrent effect and the clarity it provides to the marketplace.”
- *Objective 2.3: Perform retrospective review of regulatory policies and practices to ensure they meet current objectives.* The Plan states the SEC’s intent to conduct periodic reviews of existing rules to evaluate whether they remain effective and continue to achieve their intended goals, and whether alternative approaches would be preferable. The SEC

specifically mentioned reviewing rules governing foreign private issuers, quarterly and private fund reporting, and executive compensation.

- *Objective 2.4: Evaluate the SEC's administrative law framework.* The Plan acknowledges that recent judicial decisions underscore the need for the SEC to review its administrative procedures to ensure that the SEC's adjudicative processes "are consistent with constitutional principles, including a fair adjudicatory process and separation of powers."

Goal 3: Optimize operational efficiency by enhancing organizational structure, modernizing technology, reforming employee performance management, and implementing robust internal performance reporting that incorporates accountability for resources and program success.

This goal describes the SEC's intent to operate with "efficiency, agility, and accountability," including by, among other things, streamlining management layers, consolidating duplicative offices, modernizing technology, and reforming how the SEC evaluates the performance of its staff.

The Plan lists three objectives under this goal:

- *Objective 3.1: Implement a targeted, common-sense reorganization to improve efficiency and effectiveness, remove barriers to collaboration, and rationalize SEC resources.* The Plan states the SEC's objective to consolidate duplicative functions, optimize supervisor-to-staff ratios in view of personnel departures, and align personnel to the SEC's strategic priorities. The Plan also indicates that the SEC will break down silos to foster collaboration within the agency.
- *Objective 3.2: Review and modernize technological infrastructure, systems, and tools, including comprehensively reviewing the EDGAR system and advancing the responsible use of artificial intelligence across the SEC.* The Plan describes the SEC's intent to conduct a comprehensive review of legacy systems, including EDGAR, to address vulnerabilities, improve data quality, and support advanced analytics. Notably, the Plan indicates the SEC's willingness to embrace "responsible AI use" to enhance efficiency.
- *Objective 3.3: Enhance the SEC's high-performance workplace culture.* The Plan describes the SEC's objective to reform performance management systems to "ensure that staff are evaluated based on meaningful outcomes" that incorporate "key performance indicators that reflect both resource stewardship and program success."

Looking Ahead

The SEC's draft strategic plan for 2026–30 reflects priorities that are vastly different from the SEC's prior 2022–26 plan. The current draft strategic plan reiterates Chairman Atkins' desire for the SEC to adhere closely to its threefold mission and to develop a regulatory framework for digital assets, facilitate capital formation, and return the SEC's enforcement program to what he sees as the scope and purpose that Congress intended. The SEC already has announced some initiatives that advance these goals and objectives. We expect the SEC to announce additional initiatives to further the goals described in the draft strategic plan.



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