

MEDIA MENTIONS

Schulte partner Kelly Koscuiszka on what hedge funds can expect under a Paul Atkins-led SEC

December 12, 2024

The nomination of Paul Atkins as SEC chairman by President-elect Donald Trump marks a significant shift for hedge funds and the broader financial industry. Atkins, known for his crypto-friendly and libertarian stance, is expected to reduce regulatory pressure on private funds and foster a more collaborative dialogue between the SEC and the financial industry.

Kelly Koscuiszka, Schulte Roth & Zabel co-chair of the Investment Management Regulatory & Compliance Group, shared her insights with *Hedge Fund Alert* on the implications of the transition noting that, “Hedge funds in general need a break from the breakneck pace of rulemaking the last four years and from the intense enforcement focus.”

Kelly described anticipated changes, predicting how the SEC might address cryptocurrency, artificial intelligence (AI) and alternative data. She highlighted several challenges facing the industry, including compliance with pending rules like 13f-2/Form SHO and the need for clarity on AI-related regulations stating, “We need more time and data and should only be adopting AI-focused rules when we have a reason to believe existing regulations do not cover unique risks.”

Kelly also foresees the possibility of more targeted examinations under the new SEC leadership, despite ongoing resource uncertainties. “There are new rules that went into effect or will go into effect that hedge funds are still grappling with, and we expect the exams staff to remain active

and potentially have more bandwidth for exams that go deeper and are more themes-based.”

Kelly noted that hedge funds should not mistake the anticipated pause in rulemaking as an opportunity to relax. Significant work remains to ensure compliance with rules already in place or coming into effect soon. The transition to Atkins-led SEC leadership may signal a reprieve, but it also offers an opportunity for the industry to recalibrate and prepare for the evolving regulatory landscape. “Even if a new administration does nothing new for the first few months, there’s plenty of work to do,” she stated.

Related People



**Kelly
Koscuizka**

Partner
New York

Practices

HEDGE FUNDS

INVESTMENT MANAGEMENT

REGULATORY AND COMPLIANCE

