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Cardozo Students Present to the U.S. Securities and Exchange Commission

Benjamin N. Cardozo School of Law

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Five Cardozo students presented virtually to the U.S. Securities and Exchange Commission (SEC) on May 20, on timely securities-related topics as part of the SEC's Investor Advocacy Engagement Series: University Roundtables. The series, hosted by the Office of the Investor Advocate, allows students and professors from the academic community to provide input and feedback to the SEC on issues surrounding rulemaking and policy.

Jasmine Cooper-Little '21 and Matthew Cannon '23 presented on "Crypto Assets and the Future of Fintech/Regtech." They described the appeal of investing in crypto assets, especially for younger generations, and highlighted the frequency of scams within the industry. The students offered multiple potential solutions to help combat the effects of these scams, including the use of social media platforms to engage with investors about potential fraud, the creation of scam alerts and notifications, public campaigns to educate target groups, and potential partnerships with other government agencies to reach the public.

Next, Cici Yi '21 and Ching-Huei (Phoebe) Li '23 presented on "Online Trading Platforms." They noted that online trading platforms, such as Robinhood, allow investors, including younger generations and those who are unsophisticated in securities matters, to invest in potentially risky assets without any mandated education about the risks involved. The students suggested that the SEC require that online trading platforms with retail investors require that investors must watch a mandatory video training and pass an interactive quiz on the risks related to the relevant type of investment; that disclosures are made to investors about the float of particular stocks and how the volatility of any individual stock compares to the S&P 500 generally; and that information about annual profits from payment for order flow are made available to investors.

Last, Lisa Angeles ’21 presented about SPACs in a presentation entitled “Should Lockup Minimums for Sponsors of SPAC Deals Be Instituted via Rulemaking?” She started by noting that a review of some of the more popular De-SPAC transactions shows that the market has already accepted the concept of a lockup period for sponsors post business combination, but that a common exception to the lockup is frequently triggered, allowing the sponsors to exit the investment early due to short-term increase in the stock trading price. Angeles then went on to propose that the SEC make these types of lockup periods mandatory, but with a modified early exit exception so that the sponsor shares are only released in 25% increments over a longer period of time.

The SEC’s Investor Advocate, Rick Fleming, along with various additional SEC Staff and Leadership, attended the sessions and discussed the students’ ideas with them after the presentations. Cardozo professors Jillian Gautier (Executive Director of the Heyman Center), Elizabeth Goldman (Securities Arbitration Clinic Director), Jeanne Schroeder, and Mike Stone (Director of Compliance for the Heyman Center) helped the students prepare for their presentations.