

MORNING COLOR

October 16, 2025

Today's Driving Events

- **Here for a Long Time, Not a Good Time?:** While we think a deal over the Affordable Care Act enhanced premium subsidies is likely eventually, the federal government shutdown could drag on in the absence of clear catalysts to bring it to a close. [Read more here.](#)
- **The SEC's Agenda Takes Shape:** The Securities and Exchange Commission is undertaking a robust regulatory effort to provide clear rules of the road for digital asset firms while also expanding access to capital and private markets. [Read more here.](#)
- **Getting the Team Back Together Again:** The Federal Energy Regulatory Commission is back to a full slate of commissioners. Their first open meeting today will signal the Trump administration's vision for the electrical grid. [Read more here.](#)

Why the Shutdown Could Drag On: As discussed earlier this week, we think that a deal over the Affordable Care Act (ACA) enhanced premium subsidies is likely eventually, though it may not be contemporaneous with the government reopening. The true deadline for action on the subsidies is December 31st, though the open enrollment period begins November 1st. **Nevertheless, the shutdown could drag on for a while in the absence of major catalysts to bring it to a close.**

Yesterday, October 15th was the date that military service members would have missed their first paychecks but the Trump administration [redirected](#) Pentagon funding to prevent the troops from going without wages. The specter of missed military paychecks would have created a pressing need for Congress to end the shutdown. A former Department of Defense (DOD) official [told](#) Federal News Network that "it is not apparent to me how this is legal now, having not seen in writing what exactly they are proposing to do or what authority they assert they have." Nevertheless, it's unlikely that President Trump's move would be challenged in court because there would be no political benefit to seeking to stop the troops from being paid. House Speaker Mike Johnson (R-LA) [said](#) at a news conference that the next batch of military paychecks may not be certain to come. Yet if the Trump administration took steps to keep the paychecks flowing once, it could theoretically do so again. **Since taking office, the Trump administration has**

asserted greater executive authority over the power of the purse in bids to impound, i.e., not spend, funding. In the case of the military paychecks, Trump has instead taken greater flexibility in how funding is spent, bringing the battle over spending into a new chapter. While Trump [made](#) a comment to reporters last week suggesting he may be open to a healthcare deal, he hasn't given any other indications of readiness to engage in dealmaking. **The White House this week has adopted more hardline positions, a sign of an effort to increase leverage in the shutdown standoff.** On Tuesday, Trump [announced](#) that he would issue a list on Friday of government programs that he identified with Democrats to be cut under the shutdown. Speaking on "The Charlie Kirk Show" yesterday, Office of Management and Budget Director Russell Vought [warned](#) that the Trump administration would continue layoffs and "I think we'll probably end up being north of 10,000." (A federal judge yesterday [blocked](#) layoffs during the shutdown pending an appeal.) **An end to the shutdown requires either White House engagement on a deal or Democrats to cave. As of now, there are no signs of either.** The Trump administration's posture is more combative than open to compromise and Democrats have not given indications of folding in the standoff. This doesn't necessarily mean there won't be a deal on the ACA subsidies at some point (potentially as a follow-on to reopening the government). **Until greater pain from the shutdown is felt, neither side will likely have an incentive to shift its strategy. The current shutdown could be in the running for the longest federal shutdown in history, a record currently held by the 35-day partial shutdown of December 2018-January 2019, during Trump's first term.** The longest full government shutdown, on the other hand, is the 17-day shutdown of October 2013, during former President Obama's second term – just one day shy of the current shutdown, which entered its 16th day today.

Atkins' Agenda for the SEC: Few agencies have been more active since President Trump took office than the Securities and Exchange Commission (SEC). Although it took months for the Senate to confirm Paul Atkins to the agency's chairmanship, Republican Commissioners Mark Uyeda and Hester Peirce, both students of Atkins, got the ball rolling early, making quick work of controversial Gensler-era guidance such as Staff Accounting Bulletin 121. **Now, with Atkins settled into his role atop the agency, the SEC is putting forward a robust regulatory agenda focused on a dual mandate of tackling barriers to capital formation and establishing clear crypto market structure rules.** Earlier this fall, the agency unveiled a spring regulatory [agenda](#) 23 rules long which staff plans to begin implementing over the next six months. **Jumping off the page is the SEC's planned focus on crypto, a particularly important issue for industry given the recent [slowdown](#) in congressional negotiations over a crypto market structure bill. Of the 18 rules the agency currently plans to propose by mid-spring, at least six deal directly with crypto.** Top of the list is a potential plan to clarify when certain digital asset sales and offerings are exempted from SEC registration. **Even before the rule is proposed, the SEC is [reportedly](#) moving to implement an "innovation exemption" that would allow firms to launch crypto products free of full SEC**

oversight. Rules clarifying which firms can be certified as qualified crypto custodians, facilitating crypto asset trading on exchanges, and updating broker-dealer requirements to account for decentralized finance participants are all also in the works. The suite of rules make up Atkins' "Project [Crypto](#)" agenda and could provide a meaningful boost to digital asset firms and exchanges awaiting further clarity from Congress. **Second to crypto is the agency's focus on capital formation and private markets, a regulatory effort begun during Commissioner Uyeda's brief stint as acting chair.** Back in February, Uyeda [remarked](#) that the agency needs to provide "practical and cost-effective regulations that entrepreneurs who are just starting their businesses can rely on to raise the capital needed to fund their ideas." **To achieve this goal, which is shared by Atkins, Uyeda has proposed reducing the regulatory burden companies face when seeking to raise money while also expanding private funds' access to a broader swath of investors. To do that, the agency is poised to [propose](#) a rule titled "Updating the Exempt Offering Pathways."** Uyeda has indicated that such a regulation would ease the burdens on small businesses seeking to raise money under Regulation Crowdfunding. The agency is also looking to "make IPOs great again," as Atkins [says](#), by tailoring disclosure requirements for public companies and expanding the regulatory advantages of registering as an Emerging Growth Company. **In private markets, the agency is set to work hand in glove with the Department of Labor to implement President Trump's executive [order](#) expanding access to private markets in defined contribution plans.** One option, referenced by Uyeda in February, is to update Investment Company Act [regulations](#) that limit investments in private markets through pooled investment funds. A broader look at expanding retail access to private markets by loosening the definition of an accredited investor is also underway. **In light of these proposals, we will publish a Spotlight Report later today with a more in-depth analysis of the SEC's rulemaking agenda under Atkins.**

FERC Under New Management: The change in administration has brought with it changes to bodies that were previously strictly independent from the White House. **While the fracas has understandably focused on bodies like the Federal Reserve thus far, the same story is playing out at agencies like the Federal Energy Regulatory Commission (FERC).** FERC has repeatedly managed to stay out of the spotlight, underselling its possible politicization. Rather than forcing the White House to test the boundaries of executive power by making them fire him, Democratic Commissioner Willie Philips resigned in [April](#). In a sign that **the administration wanted to fully imprint its image on the agency**, it even made the notable choice not to renominate Mark Christie for a second term, despite having been appointed by President Trump and tapped as chair in his first term. Both of the new nominees raise questions about FERC's independence but said all the right things to assuage concerns at their confirmation hearings. While Commissioner Laura Swett is a former FERC staffer, fellow Commissioner David LaCerte is a Project 2025 contributor with no formal background in energy, only a recent past in energy-related litigation. Both selections promised to maintain

neutrality towards all forms of energy (i.e. not discriminating against renewables in favor of fossil fuels) and maintaining the independence of the body but perhaps the more leading tells can be found within Project 2025. **Within the section specifically dedicated to FERC, the document explicitly favors power generation from oil and gas because such energy is “dispatchable:”** able to be turned on and off at will rather than intermittent sources like solar or wind. **Thus far, the body’s response to Trump’s executive orders** — like mandatory sunset of regulations — **has been relatively restrained but the agency’s future direction will really be set with the new appointees, starting with this month’s [open meeting](#) being held later this morning.** The agency has a lot of issues on its plate; after decades of flat electricity demand, **it must now manage the greatest increase in demand since “[World War II](#),”** driven in no small part by **data centers and AI.** The effects of the AI boom are already being felt in the form of sharply increased energy prices, state and local pushback, and policies attempting to deal with accommodating such large loads. **One of the key proposals to address the issue, with rare universal support from utilities, consumers, and the tech industry, is co-location: allowing data centers to bring their own power generation on-site. Co-location’s fate lies in the hands of FERC.** At the moment, co-location is broadly impermissible under current market rules. FERC previously denied a request to permit a behind-the-meter contract to supply an **Amazon (AMZN)** data center with juice but is currently reviewing the practice. The commission has labeled co-location as a high priority and is expected to eventually release a broad framework permitting new co-location agreements to go ahead. Behind-the-meter agreements with pre-existing generation will likely face significantly more scrutiny than with new power generation. One anonymous analyst told Politico that FERC will take a “dovish approach” mirroring Texas, which passed a law earlier this year giving the green light to co-location but added some requirements for the generation on-site to serve the greater grid in case of emergencies. **Politico also recently broke that the White House is expected to hand the chair position to Laura Swett, indicating an emphasis on pipeline permitting. Lastly, FERC must also lay out the implementation of its ground-breaking Order 2023, governing how new power is connected to the grid.** The long queue to connect new generation to the electrical grid is a primary cause of the current energy supply shortages.

House

The House will not be in session today.

Senate

The Senate will reconvene at 10:00 a.m. and will resume consideration of the GOP-led continuing resolution (CR) that would provide funding for government operations through November 21st. At 11:00 a.m., the chamber will hold a procedural vote on the GOP-led

CR. The Senate will then hold a procedural vote on the nomination of Harold Mooty III to be a judge on the Northern District Court of Alabama. At 1:30 p.m., the chamber will hold a procedural vote on the FY26 Department of Defense Appropriations Act.

White House

President Trump will receive his intelligence briefing at 11:00 a.m. At 3:00 p.m., the president will make an announcement.

Macroeconomic

At 8:15 a.m., the Institute of International Finance will continue its 2025 Annual Membership Meeting. [More information here](#). Expected participants today include:

- Stephen Miran, governor, Federal Reserve Board of Governors

At 9:00 a.m., Federal Reserve Board Governor Christopher Waller will deliver remarks titled "Interest Rates, Inflation & Growth." [More information here](#).

At 9:00 a.m., Semafor will continue its World Economy Summit. [More information here](#). Expected participants today include:

- Stephen Miran, governor, Federal Reserve Board of Governors
- Rep. Vern Buchanan (R-FL)
- Rep. Ben Cline (R-VA)

Defense

At 2:00 p.m., the Institute for Critical Infrastructure Technology will hold a virtual briefing titled "Securing America's Infrastructure From Foreign-Controlled Sensor Technology." [More information here](#). Expected participants include:

- Rep. Dusty Johnson (R-SD)

Energy, Environment, and Natural Resources

At 10:00 a.m., the Federal Energy Regulatory Commission will hold an open meeting. [More information here](#).

At 12:00 p.m., New America will hold a virtual discussion titled "Power Switch: Power, People, and the Energy Transition." [More information here](#).

Financial Services

At 9:20 a.m., the Fintech Foundation will continue its DC Fintech Week 2025. [More information here](#). Expected participants today include:

- Micheal Barr, member, Federal Reserve Board of Governors

Geopolitical

At 8:00 a.m., the International Monetary Fund and the World Bank Group will continue their 2025 Annual Meeting. [More information here](#).

At 8:00 a.m., the Atlantic Council will continue its series of discussions with finance ministers and central bank governors from around the world alongside the 2025 IMF-World Bank Annual Meeting. [More information here](#).

At 9:30 a.m., the Arab Center will hold its 10th annual conference with the theme "Trump and the Middle East: A Second Term Review." [More information here](#).

At 10:00 a.m., the Hudson Institute will hold a discussion titled "The State of US-China Relations." [More information here](#). Expected participants include:

- Rep. John Moolenaar (R-MI)

At 11:00 a.m., the Quincy Institute for Responsible Statecraft will hold a virtual discussion titled "Ukraine Peace Talks and the Pitfalls of Maximalism in a Multipolar World." [More information here](#).

At 3:45 p.m., the Council on Foreign Relations will hold a discussion titled "Next Steps on Ukraine Reconstruction." [More information here](#).

Judicial

At 10:15 a.m., the Senate Judiciary Committee will hold a markup to vote on multiple nominations for US district judges and US attorneys. [More information here](#).

At 12:00 p.m., the Federalist Society for Law and Public Policy Studies will hold a virtual discussion titled "Courthouse Steps Oral Argument: Louisiana v. Callais (Round 2)." [More information here](#).

Trade

At 9:00 a.m., the Peterson Institute for International Economics will hold a virtual discussion titled "The Changing Dollar Regime: An Update." [More information here.](#)

At 9:30 a.m., the US Chamber of Commerce will hold its 2025 Transatlantic Business Works Summit, with the theme "Investing in Partnership, Securing Prosperity." [More information here.](#)

At 10:00 a.m., the Information Technology and Innovation Foundation will hold a virtual discussion titled "How To Address Counterfeits From Chinese Online Marketplaces." [More information here.](#)

At 1:30 p.m., the Peterson Institute for International Economics will hold a virtual discussion titled "Canada's economic outlook and global trade." [More information here.](#)

Expected participants include:

- Tiff Macklem, governor, Bank of Canada



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