Debrief: SIFMA Annual Meeting

Perspectives & Key Themes from Market Participants

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SIFMA's 2025 Annual Meeting convened senior executives, policymakers, and regulators in Washington, DC for candid conversations at the intersection of public policy and finance. Across sessions, one theme was clear: despite complexity and uncertainty, confidence in U.S. markets remains strong — grounded in innovation, resilience, and adaptability.

- **Setting the Scene – Resilient but Rebalanced**: The U.S. economy continues to defy expectations — consumers are spending, unemployment remains low, and corporate balance sheets are solid. Yet, leaders cautioned that the unemployment picture is complicated, some valuations may be stretched, and leverage has migrated outside the banking system.
- **Capital Markets Outlook – Liquidity, Leverage, and Confidence:** Capital formation remains central to growth, yet fewer companies are going public and private credit now plays a critical role.
- **Asset & Wealth Management Outlook – Trust and Transformation:** The Voice of Investor Satisfaction, Trust, and Advocacy (VISTA) Survey revealed high overall trust but a generational shift in preferences.
- **Economic Landscape – Growth with Constraints**: SIFMA's Economists Roundtable described a moderately growing economy amid persistent inflation and fiscal strain.
- **Regulatory Landscape – Modernization with Purpose**: Regulators and industry leaders alike called for a "spring cleaning" of decades of accumulated rules to align oversight with today's markets.
- **Technology and AI – Innovation with Integrity**: From trading desks to call centers, firms are harnessing AI to enhance analysis, efficiency, and client experience.

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Setting the Scene

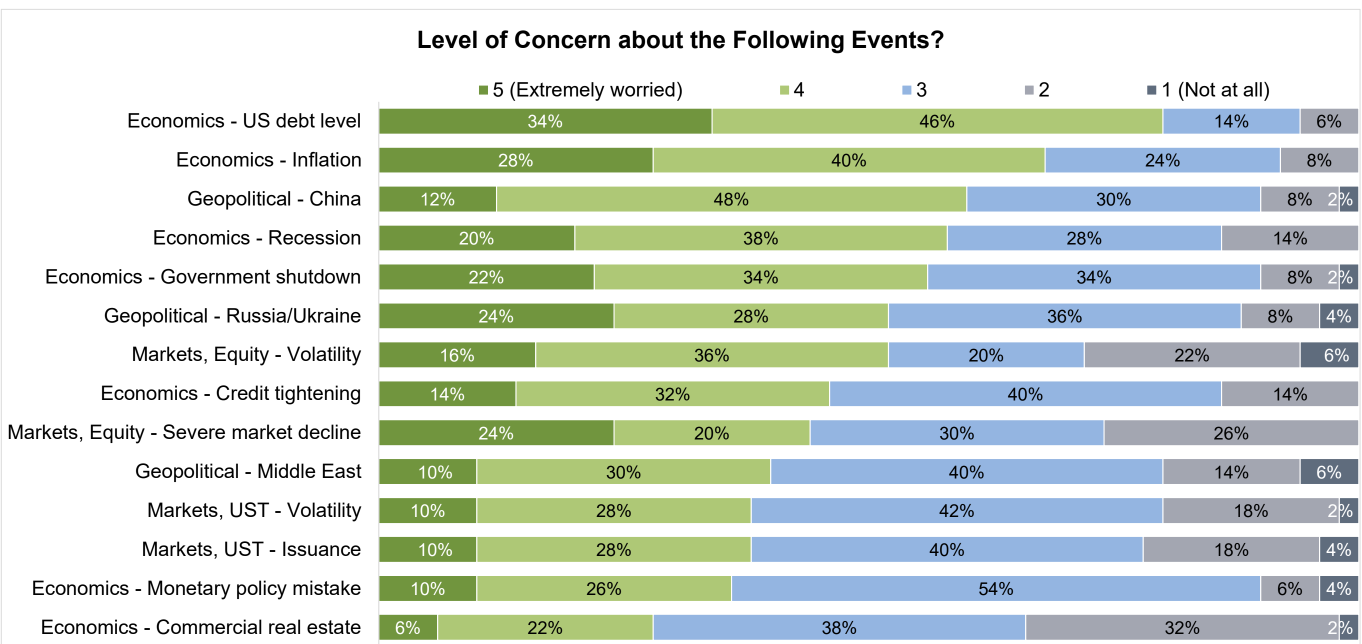
Resilient but Rebalanced

The U.S. economy continues to defy expectations — consumers are spending, unemployment remains low, and corporate balance sheets are solid. Yet, leaders cautioned that the unemployment picture is complicated, some valuations may be stretched, and leverage has migrated outside the banking system.

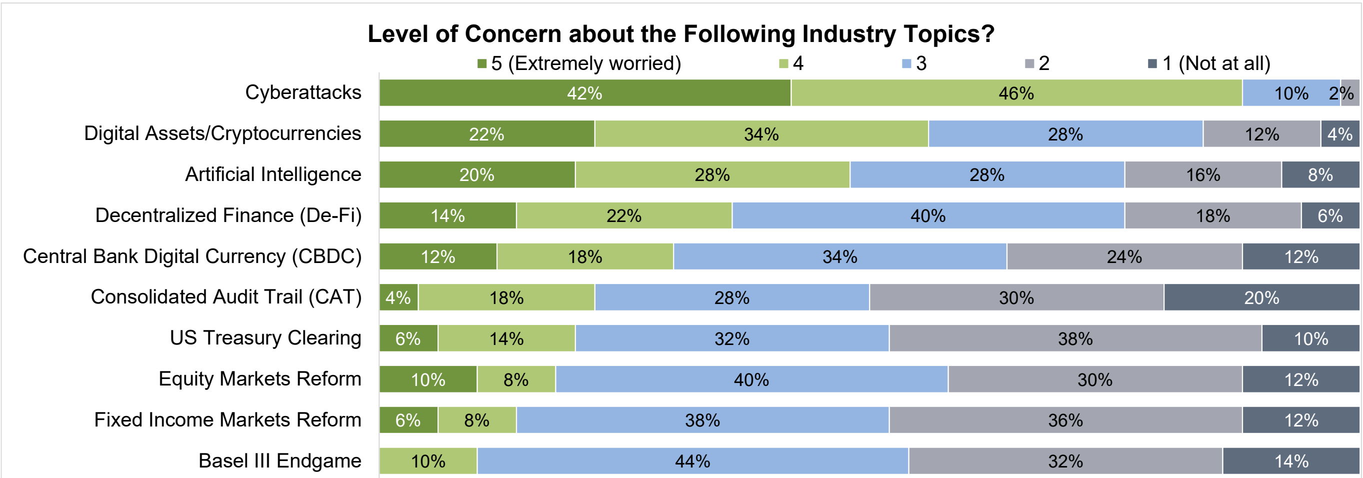
Takeaways:

- Markets show strength but face hidden vulnerabilities.
- Risk hasn't disappeared; it's shifted to less transparent corners of the system.
- Confidence and adaptability are America's competitive edge — supported by smart regulation.

Our conference survey sought to gauge respondents' concerns around current geopolitical, economic, and market events and trends, ranking responses by the aggregate results categorized as #5 (extremely worried) and #4 (worried). For general macro events respondents ranked U.S. debt level, U.S. inflation and geopolitical tensions with China as areas of highest concern. As to industry topics, respondents were most concerned about cyberattacks, digital assets/cryptocurrencies and artificial intelligence.

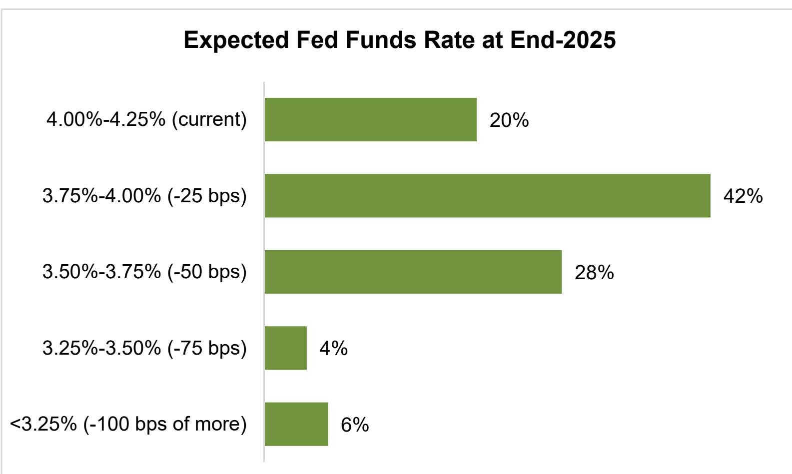


Source: SIFMA Insights conference survey



Source: SIFMA Insights conference survey

The current target range for the Fed Funds rate is 4.00%-4.25%. With two FOMC meetings left, we asked the survey participants where they expect this range to end 2025. A fifth of the respondents expect the Fed to pause rate cuts through the end of the year, while the remaining 80% expect at least one more cut: 42% think the Fed will cut 25 bps more, 28% expect a total of 50 bps cuts, while remaining 10% expect cuts totaling more than 75 bps by the end of the year.



Source: SIFMA Insights conference survey

Capital Markets Outlook

Liquidity, Leverage, and Confidence

Capital formation remains central to growth, yet fewer companies are going public, and private credit now plays a critical role in market function.

Takeaways:

- Stronger capital rules have made banks safer but shifted leverage into private funds.
- Policymakers are focused on lowering the cost of going public and responsibly expanding access to private markets.
- The goal ahead: resilient markets, dynamic capital formation, and investor opportunity.

Stifel CEO and SIFMA Chair-Elect Ron Kruszewski opened the 2025 Annual Meeting by reflecting on the defining paradox of 2025, an economy that continues to confound expectations even as valuations reach historic highs.

“The S&P 500 is around 6,700, up about 14% this year and more than a third from where it stood in April,” he said. “That kind of move speaks to something we should celebrate: confidence, resilience, and the strength of American enterprise.”

Consumers remain strong, unemployment low, and corporate balance sheets solid — a combination that, Kruszewski noted, “may be one of the most impressive demonstrations of economic durability we’ve ever seen.” Yet he urged caution: valuations appear historically elevated, and the equity risk premium is essentially zero, meaning investors may be taking risk without adequate compensation.

Kruszewski warned that liquidity and leverage have migrated beyond traditional banking channels into private credit and alternative assets, “leverage on leverage,” as he put it, making systemic risk harder to measure even if bank balance sheets remain sound. He noted that private equity firms now outnumber McDonald’s locations, a sign of capital abundance but also potential excess.

Despite these imbalances, Kruszewski expressed confidence in the market’s capacity to self-correct through transparency and dialogue. “Systemic risk doesn’t disappear — it changes shape,” he said. “Our job is to understand the rhyme before it becomes the verse.”

Private markets also featured prominently in Kruszewski’s remarks as a vital complement to public capital formation. He credited private credit with “filling the void” left by the steady decline in listed companies, noting that diversified portfolios now require thoughtful access to both. “If we didn’t have private credit, our economy wouldn’t be what it is today,” he said. While their growth has strengthened market resilience, Kruszewski cautioned that leverage has increasingly migrated into less visible channels, underscoring the need for transparency and consistent oversight.

He then turned to policy, emphasizing SIFMA’s role in advocating for smart, coherent rules that strengthen confidence without stifling innovation. Among the association’s top priorities for 2026: resolving the long-running Department of Labor fiduciary rule debate; modernizing recordkeeping and communications requirements for a digital era; and updating electronic delivery rules to reflect how investors actually engage with information today.

“Fifteen years of debate on the fiduciary rule is long enough,” Kruszewski said. “Our objective is simple — preserve investor choice and access to advice without overlapping or conflicting regulation. Let’s put this one to bed.”

He reaffirmed that innovation and trust must advance together. Artificial intelligence, digital assets, and tokenization offer tremendous promise, but must be anchored in the principles of supervision, segregation, transparency, and investor protection.

Kruszewski closed with an optimistic reminder that America’s capital markets remain the envy of the world — resilient because they are adaptive, and adaptive because they are rooted in confidence and principled governance.

Asset & Wealth Management Outlook

Trust & Transformation

The 2025 Voice of Investor Satisfaction, Trust, and Advocacy (VISTA) Study, unveiled at the 2025 SIFMA Annual Meeting, revealed high overall trust but a generational shift in preferences.

Takeaways:

- Gen Z values transparency and technology often preferring self-directed models.
- The industry faces a significant advisor shortfall; AI and digital tools will help scale personalized advice.
- With the advent of new tools and changing investor behavior, education and trust must remain the foundation of wealth building.

Investor confidence and trust in the industry remain high, according to. The KPMG US independent study, sponsored by SIFMA, surveyed 2,000+ investors and found that 8/10 are satisfied with the industry.

Moderator Scott Lieberman, Principal – Head of Customer Advisory, Financial Services Lead at KPMG US, opened the discussion by highlighting a generational inflection point: “We’re seeing a bifurcation between traditional advisor-led relationships and the rise of self-directed, digital-first engagement — particularly among Gen Z.” Firms that pair trusted advice with modern digital experiences will therefore be positioned to earn long-term loyalty and growth.

Ken Cella, Head of External Affairs at Edward Jones, underscored the opportunity that shift presents. “We need to make investing as accessible as possible and rely on technology to provide advisory scale,” he said. “Gen Z wants choice — to work where and how they want — but they also value planning when it’s personal and efficient.”

Panelists agreed that while digital platforms have democratized investing, they’ve also blurred the line between investing and entertainment. Stephanie Guild, CFA, Robinhood’s Chief Investment Officer, warned that “access without understanding isn’t empowerment — it’s exposure.” She noted that younger investors value control and immediacy, but the industry must ensure education and context remain embedded in every experience.

Lisa Kidd Hunt, Managing Director, Head of International Services, of Charles Schwab observed that, contrary to stereotype, Gen Z investors are “more likely than expected to engage in financial planning — provided it’s collaborative and on their terms.” She added that digital access should not come at the expense of guidance: “Technology can open doors, but trust is still built human to human.”

Joseph Sweeney, President – Advice & Wealth Management, Products and Service Delivery at Ameriprise emphasized personalization at scale as the future of advice delivery. “The beauty of our industry is the diversity of models,” he said. “We can meet clients anywhere along that spectrum — from full-service planning to digital self-direction — as long as we tailor it to their goals.”

The panel closed by reframing technology as an amplifier of trust rather than a replacement for it. “Advisor Intelligence plus Artificial Intelligence — AI + AI — is how we meet the demand for access and personalization,” said Ken Cella, Head of External Affairs for Edward Jones.”

The discussion also surfaced a growing talent gap challenge. With roughly 300,000 advisors in the U.S. and an expected shortfall of 50,000 to 100,000 in coming years, panelists agreed that scaling advice — responsibly — will depend on AI-driven productivity and streamlined compliance tools.

Generationally, the mindset gap is striking; Gen Z is the only group where satisfaction (77%) and trust (64%) are higher in self-directed channels than advisor-supported ones. They also value transparency nearly twice as much as Gen X and four times more than Boomers and are seven times more likely to switch advisors for better technology.

Stifel Chairman and CEO Ron Kruszewski summed up the tension neatly: “Technology has opened the doors wider than ever, but we have to ensure what’s inside those doors still feels like investing — not gaming.”

Bottom line: Investor confidence is high, but maintaining it requires constant calibration — modern technology, consistent transparency, and accessible, personalized advice. As the next generation inherits an estimated $80 trillion over the next two decades, the firms that thrive will be those that blend digital access with enduring trust.

Economic Landscape

Growth with Constraints

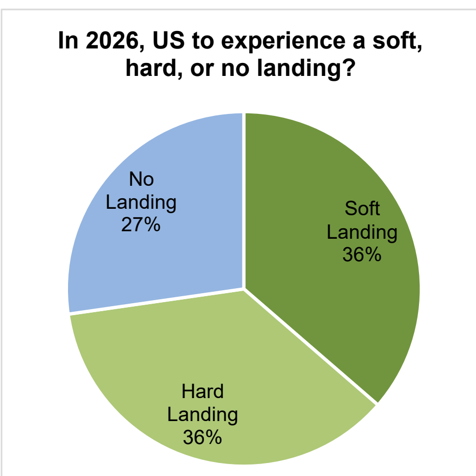
SIFMA's Economists Roundtable described a moderately growing economy amid persistent inflation and fiscal strain.

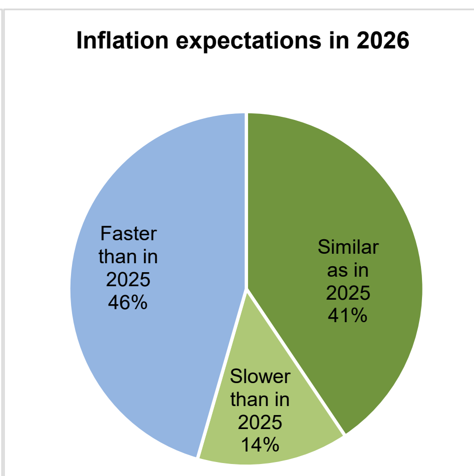
Takeaways:

- Inflation risk remains to the upside; fiscal debt is nearing 130% of GDP.
- The Fed faces a difficult balancing act between rate cuts and price stability.
- AI-driven productivity could offset some headwinds but may displace millions of jobs.

To set the scene for the economist panel, we polled the audience on the economy, inflation and the Fed Funds rate. On the economy, the audience was split on whether there will be a recession next year, with 36% expecting hard landing (recession) and 36% of respondents expecting a soft landing in 2026. The remaining 27% of respondents expect continued economic growth in 2026.[1]

With current inflation rate hovering around 3%, we asked the audience about their inflation expectations for 2026. Almost half the respondents (46% of total) expect inflation to pick up in 2026, 41% expect it to stay similar to 2025 between 2.5% and 3.0% and only 14% expect inflation to slow in 2026.

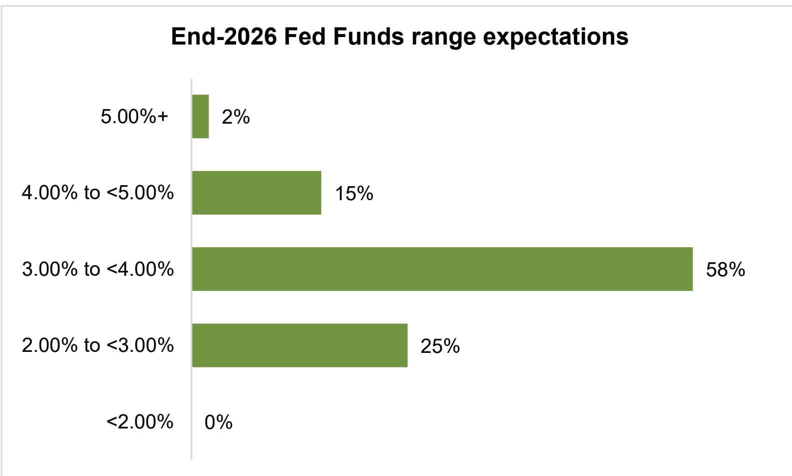




Source: Audience polling

[1] Soft landing: a moderate slowdown in economic growth with controlled reduction in inflation, without causing a recession. Hard landing: the economy contracts sharply (significant economic downturn and high unemployment) due to the central bank's efforts to control inflation, triggering a recession. No landing: the economy continues to grow despite a series of contractionary monetary policies.

With the current target range for the Fed Funds rate at 4.00%-4.25% and two FOMC meetings left this year, we asked the audience where they expect this range to end 2026? We note that responses were based on the economic data at this time, and we know this data keeps changing. Overwhelmingly, the audience expects the Fed to keep cutting; 58% or respondents expect the range to end 2026 at 3.00% to <4.00% with a quarter of respondents expecting even deeper cuts to end 2026 at 2.00% to <3.00%.



Source: Audience polling

The conversation among leading economists reflected a moment of measured resilience and persistent uncertainty. With the federal government shut down for 20 days and the Federal Reserve actively cutting rates while ending quantitative tightening, participants agreed that while the economy remains solid, policy risk and structural inflation have become harder to ignore.

Moderator Scott Anderson, Ph.D., Chief U.S. Economist and Managing Director at BMO set the tone: “We’re operating with limited data and maximum uncertainty — a reminder of how quickly confidence can turn when fiscal or policy anchors start to slip.”

Nicholas van Ness, U.S. Economist at Crédit Agricole CIB, described the current landscape as a “mixed bag” — robust on the surface, but increasingly vulnerable to shocks. “The economy has performed decently well given the major shifts in policy,” he said. “But consumption still drives 70 percent of growth, and that makes us more exposed if sentiment softens.”

Lindsey Piegza, Ph.D., Chief Economist at Stifel Financial Corp., offered a cautious baseline, projecting ~2% growth — “the bare minimum for a developed economy,” she said, “roughly one percent from population growth and one from productivity.” She warned that inflation remains “increasingly ingrained,” arguing that the Fed has not taken sufficient steps to return to its two percent target. “The risk to inflation is to the upside,” she said.

Thomas Simons, Chief U.S. Economist at Jefferies, countered that the economy’s data may understate its fragility. “We’re in this moderate zone — growth looks fine on paper, but it doesn’t feel that way to most households,” he said. “There’s more resilience in consumer balance sheets than it appears, but that can erode quickly if labor weakens.”

A spirited debate unfolded between what Anderson called the “doves” and “hawks.” Piegza and van Ness warned that continued rate cuts could allow inflation expectations to embed, while Simons argued that the labor market is already weaker than the Fed realizes. “Momentum is going to get away from them,” Simons cautioned. “That’s when you risk turning a soft landing into a hard one.”

Despite policy disagreements, all agreed on one theme: the Federal Reserve’s credibility — and the independence of monetary policy — will be critical to sustaining long-term confidence. “The chair isn’t a dictator,” Piegza observed. “There are deep divisions inside the FOMC. Consensus on the next chair — perhaps Governor Waller — will matter for how those divisions resolve.”

The panel closed with a forward-looking note. While the economists saw no imminent crisis, they emphasized that macro risks are compounding: record federal debt, rising leverage in private credit, and geopolitical instability could all amplify volatility.

Anderson summarized the Roundtable’s conclusion succinctly: “Resilience is still the story — but it’s a tired kind of resilience. The next chapter will depend on whether fiscal and monetary policy can re-anchor expectations before the cycle turns.”

Joseph Amato, President and Chief Investment Officer – Equities of Neuberger Berman, also warned of macroeconomic vulnerabilities. Despite strong growth, U.S. debt sustainability remains a critical long-term risk. With debt-to-GDP hovering near 130%, he cautioned, “You do until you don’t,” recalling how market dislocation in the U.K. gilt market nearly destabilized pension systems in 2022.

“The long end of the curve getting unanchored will not be a good day in markets,” he said. “I don’t see a political appetite for either deep spending cuts or meaningful tax increases. You might catch up for a bit, but it’s not easy.”

He noted that the Federal Reserve’s rare combination of rate cuts amid growth underscores the unusual character of this cycle — one where policy, productivity, and market sentiment remain deeply intertwined.

What to watch next: 1) Term premium and long-end stability; 2) Goods disinflation vs. services stickiness; 3) Profit margins under rising wage floors; 4) Credit conditions in private markets as funding costs re-set; and 5) Policy path clarity post-election.

Bottom line: The macro setting is better than it feels, but less sturdy than it looks. The distribution of outcomes has fatter tails than a typical mid-cycle year, placing a premium on policy coherence, transparent data, and market plumbing that can handle volatility without amplifying it.

Regulatory Landscape

Modernization with Purpose

Regulators and industry leaders alike called for a “spring cleaning” of decades of accumulated rules to align oversight with today’s markets.

Takeaways:

- Priorities include Reg NMS, CAT, Basel III Endgame, fiduciary reform, and e-delivery modernization.
- The goal: clear, consistent standards that protect investors while fostering innovation.
- As Chairman Atkins put it, “We have to adapt our processes to the marketplace — not expect people to adapt to our forms.”

U.S. Securities and Exchange Commission (SEC): We heard from SEC Chairman Paul Atkins who used his one-on-one conversation with SIFMA president and CEO Kenneth E. Bentsen, Jr., to outline a regulatory philosophy built around modernization, proportionality, and clarity.

“Our goal is to help maintain an innovative and dynamic marketplace where investors can confidently place their money for growth and their future,” he said.

Atkins called for a “good spring cleaning” of the federal securities rulebook, a comprehensive recalibration of a framework that, he noted, has accumulated layers of complexity over four decades.

“Ultimately, investors pay for all the regulatory apparatus,” he cautioned. “It’s time to look long and hard and make sure it’s fit for purpose in the 21st century.”

The Chairman signaled several forthcoming initiatives, including proposals to reform Reg NMS, overhaul CAT governance and data-privacy protections, and modernize electronic-delivery standards. He emphasized that regulators should adapt their processes to the way people and firms operate, rather than forcing the market to conform to outdated forms.

Atkins also underscored the importance of revitalizing U.S. public markets, warning that the number of listed companies has fallen by half over the past 30 years. He attributed this trend to a combination of rising compliance costs, litigation risk, and corporate-governance gamesmanship.

“It’s uncool to be a public company now,” he said. “We need to make it cool again.”

While affirming the growth and importance of private credit and private markets, Atkins stressed that capital formation in the public sphere remains central to America’s economic leadership. He urged cooperation between the SEC, Department of Labor, and industry to broaden responsible access to private investments through retirement plans without sacrificing investor protection.

On digital assets, Atkins acknowledged the ongoing legislative process and the Administration’s GENIUS and Clarity Acts but emphasized the Commission’s existing authority to advance market rules and grant exemptive relief where appropriate. He called for a taxonomy that offers certainty while allowing innovation to flourish.

“If something is a security,” he said, “the secret is to make the process as accommodating as possible so that there is certainty.”

The Chairman's closing message was one of balance, reaffirming that effective oversight and competitive markets are not mutually exclusive. "Our capital markets are the envy of the world because they are dynamic," he said. "The regulatory system must be dynamic too."

House Financial Services Committee: We heard from Congressman French Hill who brought a legislator's perspective to the conversation, underscoring the need for pro-growth, pro-consumer policy that supports innovation and capital formation.

"The success of the American financial experience rests on the ability of industry and regulators to come together and recognize that innovation is part of life," Hill said.

He pointed to bipartisan momentum in Congress to expand access to capital and reduce friction for companies going public, a continuation of the pro-market spirit of the 2012 JOBS Act. A suite of more than two dozen bills now under consideration would modernize the definition of an accredited investor to recognize expertise, lower the cost of IPO filings, and increase investment choice in defined-contribution plans.

Both Congressman Hill and Chairman Atkins emphasized that private markets now represent a structural pillar of US capital formation. Expanding responsible access, particularly through defined-contribution and retirement plans, was a recurring theme across panels. They agreed that improved valuation discipline, transparency, and liquidity management can make private assets more accessible without eroding investor protection.

Hill also addressed the Basel III Endgame, urging regulators to "advance a proposal that reflects the real structure of U.S. markets and the role of digital trading desks." He warned against further delay following the two-year pause in rulemaking and expressed hope that Fed Governor Michelle Bowman would help move a balanced approach forward in 2026.

"Lower the cost of going public, open up opportunities in private markets, and make sure the rules work for investors and issuers alike," he said. "That's how we keep our capital markets strong."

Hill closed by reaffirming the importance of clarity between agencies, noting that when Congress is explicit about legislative intent, coordination between the SEC and CFTC improves significantly, a theme echoed throughout the day as regulators and industry leaders called for greater alignment across policy domains.

Commodity Futures Trading Commission (CFTC): We heard from CFTC Acting Chair Caroline Pham who framed her remarks around the need for harmonization, modernization, and innovation in derivatives and digital asset markets.

"We need to get back to the basics," she said. "With a blank sheet of paper, what market structure best supports liquidity formation and capital efficiency? That's the foundation of well-functioning, deep, and liquid markets."

Pham highlighted a renewed spirit of cooperation across financial regulators and international counterparts, aimed at crafting "smart regulation" that fosters competition while protecting investors. She previewed forthcoming reforms to enhance cross-market transparency and align data standards, positioning the CFTC to adapt rapidly to evolving products.

Digital assets remained a focal point. Pham reaffirmed the Commission's commitment to bringing crypto markets under clear, consistent oversight through well-defined frameworks rather than enforcement by ambiguity.

“We must bring crypto into the regulated arena,” she said. “It’s a sprint, and by the end of the year, we’ll have live initiatives that make that vision real.”

The Acting Chairman noted that the agency is evaluating pilot programs for tokenized derivatives, collateral management, and real-time settlement mechanisms designed to improve resiliency and reduce systemic risk. These steps, she said, reflect an acceleration of innovation not seen since the 1990s, a period when technology reshaped liquidity formation across markets.

Pham closed with a call for shared accountability between regulators and market participants: “Regulation should enable innovation, not chase it. Our job is to provide the guardrails that let markets evolve with integrity.”

Technology & AI

Innovation with Integrity

From trading desks to call centers, firms are harnessing artificial intelligence to enhance analysis, efficiency, and client experience.

Takeaways:

- Generative AI is in its early innings — offering immense potential but also posing real risks.
- Guardrails, education, and ROI-based prioritization are key to sustainable adoption.
- AI can transform operational platforms, client interactions, and investment insights – but you may be surprised which takes the least and most level of effort.

Artificial intelligence continued to dominate discussions throughout the day, and few have a closer view of its practical application than Bank of America's Chief Technology and Information Officer, Hari Gopalkrishnan.

Bank of America's $13 billion technology program, anchored by its digital assistant Erica, has evolved from experimentation to measurable results across the enterprise. Gopalkrishnan described the bank's disciplined approach to innovation: "We didn't want thousands of points of light. That's expensive and not productive." Instead, his team developed 45 targeted proofs of concept, nearly all of which delivered tangible outcomes, from client-meeting preparation tools to call-center enhancements.

"We're only in the second or third inning of generative AI," he said. "But already, the impact on client experience and productivity is significant."

He outlined a pragmatic framework built on education, governance, and clear return-on-investment metrics. Guardrails are essential, he said, to prevent the "AI slop" — excessive, low-value content generation, that can arise when models operate unchecked.

"At the end of the day, these are predictive systems guessing the next word," he explained. "You need humans in the loop, multiple models for verification, and clear thresholds for accuracy."

He also highlighted the cost calculus of AI at scale: latency, computing power, and data-storage choices can dramatically affect expense. "One-second latency might be a million dollars more than five-second," he said. "The savvy business user knows the trade-offs."

Gopalkrishnan cautioned against chasing hype cycles, urging firms to prioritize projects that solve real business problems. The key, he said, is partnership between technology and business teams — ranking ideas by ROI and long-term value rather than novelty.

"Even if innovation stopped today," he concluded, "we'd have enough to harvest for the next five to seven years. The challenge is to apply it wisely."

Joseph Amato, President and Chief Investment Officer – Equities of Neuberger Berman offered a markets-and-management perspective on technology's disruptive potential, warning that AI represents the most profound cycle of creative destruction modern finance has ever faced.

"The productivity gain will be greater and faster than any we've seen before," he said.

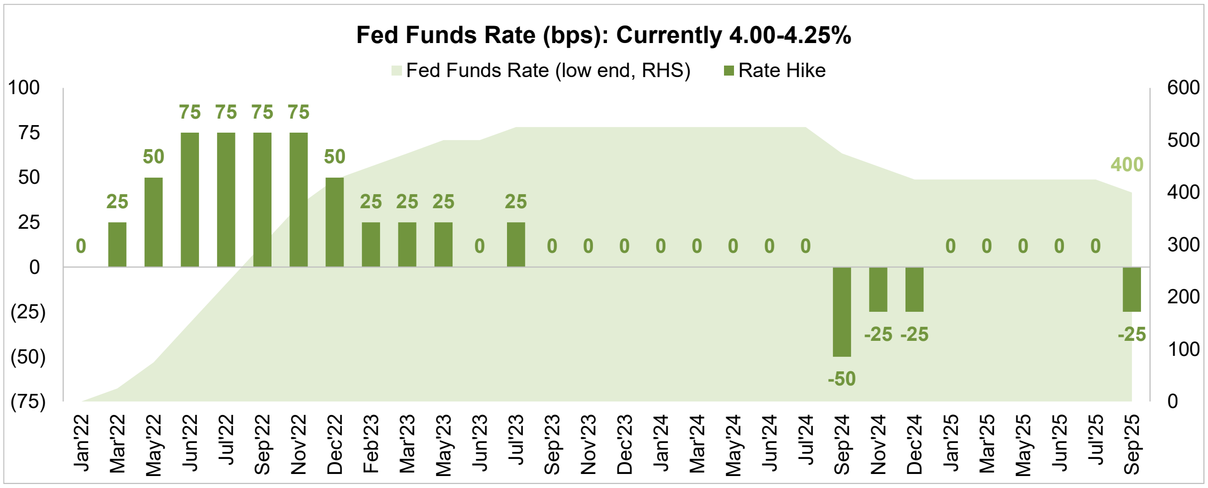
Amato outlined three domains of AI transformation: operational platforms, client interaction, and investment insight. Ironically, he noted, the last — extracting investment signals — has been the easiest to implement. Portfolio managers now use machine-learning tools to synthesize research, analyze sentiment, and accelerate decision-making. “The use cases are digestible, iterative, and save time,” he said.

Operationally, however, embedding AI into workflows has proved more complex. “You’re not just adding a tool — you’re changing jobs and processes,” he said. Still, the gains in efficiency and speed are undeniable, and adoption is accelerating.

Amato’s closing message balanced realism with optimism: innovation is driving unprecedented gains, but vigilance over leverage, liquidity, and fiscal discipline must endure. “Every company stumbles,” he said. “The key is learning from it faster than ever before.”

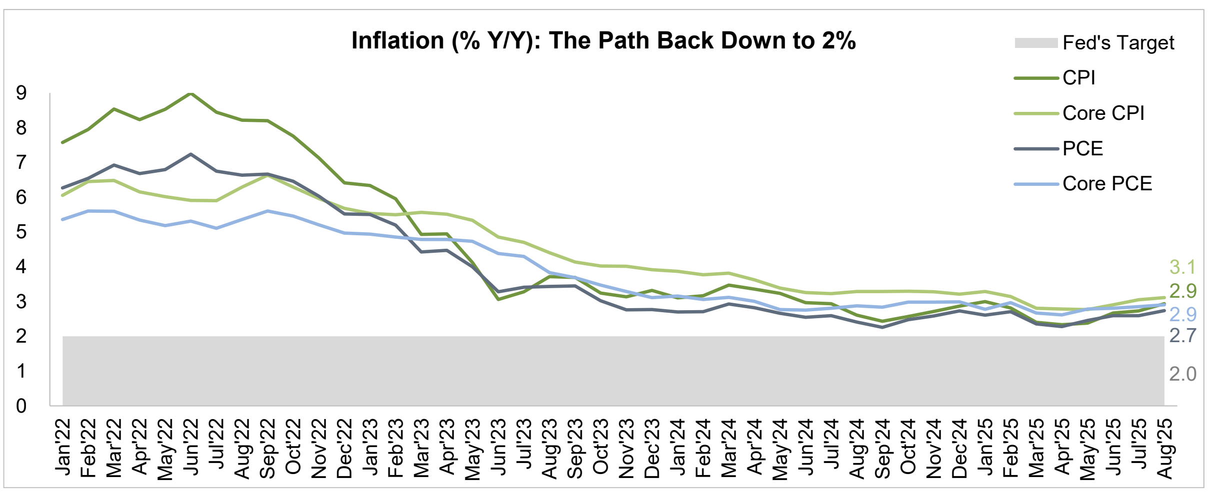
Appendix: Background Data

Fed Funds Rate



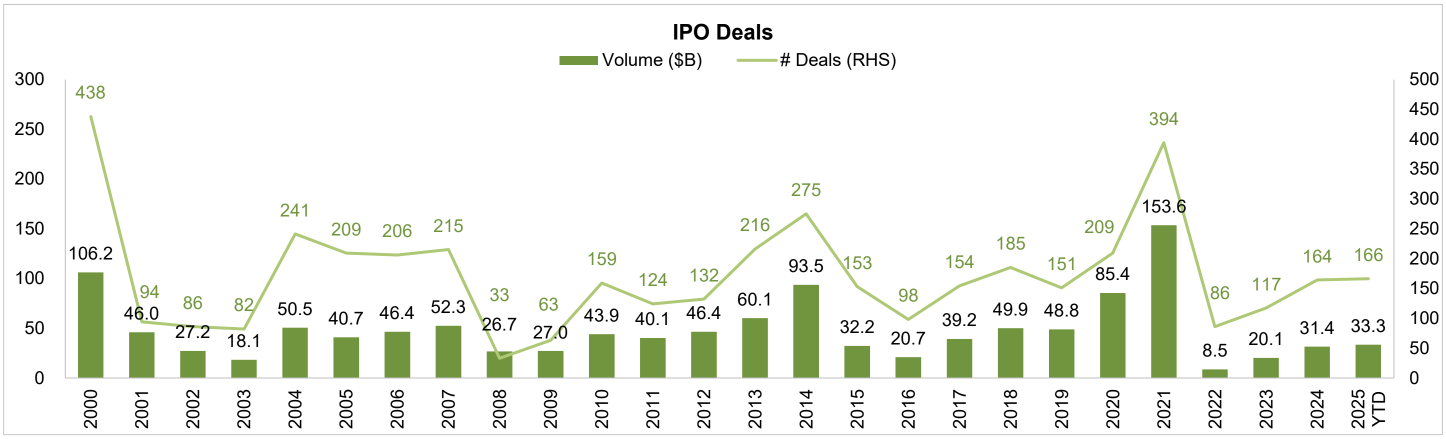
Source: Federal Reserve, SIFMA estimates

Inflation



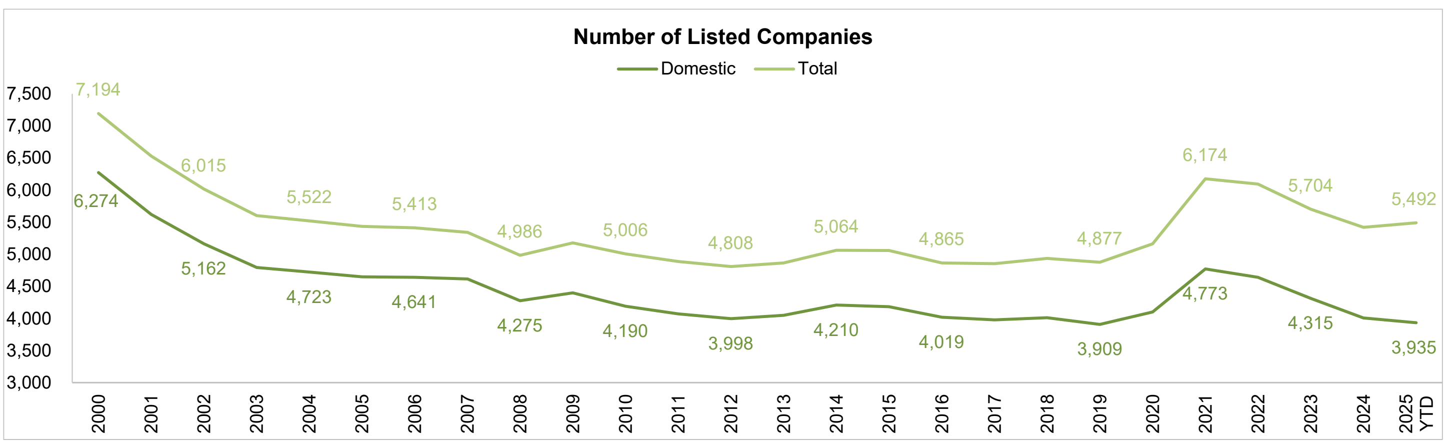
Source: FRED, SIFMA estimates

Initial Public Offerings (IPOs)



Source: Dealogic, SIFMA estimates
Note: YTD as of September 30, 2025.

Number of Companies Listed on U.S. Exchanges



Source: World Federation of Exchanges, SIFMA estimates
Note: YTD as of September 30, 2025.