

Standish Compliance Regulatory Forum Q1 2025 Updates

The first quarter of 2025 reflected a number of meaningful changes at the Securities and Exchange Commission (**SEC** or **Commission**) with more to come. Former Chairman Gensler departed the agency on January 20 upon President Trump's inauguration. Trump has nominated Paul Atkins to serve as the next SEC Chairman. Atkins is a former SEC Commissioner who knows the agency well and is expected to be an effective leader. However, his Senate Banking Committee confirmation hearing did not come until very late in the quarter, as it was finally scheduled on March 27. During his hearing, Atkins shared his views on the current regulatory landscape. He noted that the recent regulatory environment stifles capital formation and indicated his desire to pivot from the SEC's recent emphasis on aggressive enforcement. On April 3rd, the Committee approved his nomination along party lines which will move to the full Senate to vote.

January clearly marked the transition between the priorities of the former Commission to the new Commission, with a few noteworthy enforcement cases pushed through before Chairman Gensler departed. For most of the quarter, the SEC was led by Republican Commissioner, Mark Uyeda, serving as Acting Chairman; Republican Commissioner, Hester Peirce; and a sole Democratic Commissioner, Caroline Crenshaw. In theory, the three-person composition could effectively have veto power over actions requiring a vote of the SEC because Commissioner Crenshaw can deny a quorum for any action she strongly opposes. However, if Atkins is confirmed, the Republican majority would no longer need the Democratic Commissioner, so it will be able to begin with formal rulemaking steps.

No significant rules were proposed or moved forward in the first quarter. Certain compliance dates that were scheduled for key regulatory filings in early 2025 were extended during the quarter. The Commission visibly shifted priorities from what had been pursued and championed under Gensler to a new era focused on things like creating a Crypto Task Force to "help the SEC draw clear regulatory lines, provide realistic paths to registration, craft sensible disclosure frameworks, and deploy enforcement resources judiciously." In February, the SEC announced the creation of a new specialized unit, the Cyber and Emerging Technologies Unit, to "focus on combatting cyber-related misconduct and to protect retail investors from bad actors in the emerging technologies space." According to the SEC's announcement, the Cyber and Emerging Technologies Unit will "replace" the SEC's Crypto Assets and Cyber Unit, which was rebranded to focus on crypto under Gensler. The SEC further hosted a roundtable discussion at the end of March on artificial intelligence (**AI**) in the financial industry to discuss the risks, benefits, and governance of AI. On April 4, 2025, the SEC's Division of Investment Management issued new and modified responses its Form PF FAQs, and also withdrew some previous, no longer relevant FAQs, to address various recent amendments to the Form.

As President Trump and the Department of Government Efficiency took aim at many federal agencies, including the SEC, a significant amount of chaos ensued. Given the SEC's buyout and retirement offers in recent weeks, hundreds of seasoned SEC examination and division staff have departed or are expected to depart the agency. This has resulted in a "brain drain" that will certainly impact the pace and nature of future rulemaking and other initiatives, in addition to the expected wholesale shift in Commission priorities. Examinations continue but at a slower pace than in prior quarters.

Finally, as is typical upon a change in administration, multiple senior staff left the agency in January coinciding with Gensler's departure. Natasha Vj Greiner remains the current Director of the Division of Investment Management, and Keith Cassidy remains the Acting Director of the Division of Examinations, following the departure of former Director, Richard Best, who left the agency in August 2024 and sadly passed away in March 2025.

Following are the Q1 2025 updates posted in the [Standish Compliance Regulatory Forum](#):

Rulemaking Updates

- [Form PF Compliance Date Extended \(01/29/25\)](#)
- [Exemption From Exchange Act Rule 13f-2 and Related Form SHO \(02/07/25\)](#)
- [CTA: Beneficial Ownership Reporting Reinstated with Extended Reporting Deadlines \(02/20/25\)](#)
- [SEC Investment Company Names Rule Updates \(03/14/25\)](#)
- [Form PF: Reporting Requirements for All Filers and Large Hedge Fund Filers Corrected \(03/18/25\)](#)
- [CTA: FinCEN Removes Beneficial Ownership Reporting Requirements for US Companies and US Persons, Sets New Deadlines for Foreign Companies \(03/21/25\)](#)
- [SEC Votes to End Defense of Climate Disclosure Rules \(03/27/25\)](#)

Enforcement Cases

- [RIA Failed to File Form ADV-W & Produce SEC Exam Document Requests \(01/10/25\)](#)
- [Private Fund Manager Misallocates Expenses to Funds Due in Part to Poor Expense Practices \(01/10/25\)](#)
- [Twelve Firms to Pay More Than \\$63 Million Combined to Settle SEC's Charges for Recordkeeping Failures \(01/13/25\)](#)
- [Publicly Traded Company Charged with Misleading Investors Regarding Cyber Incident \(01/13/25\)](#)
- [Unregistered Broker-Dealer Activity in Soliciting Investors for Private Venture Funds \(01/14/25\)](#)
- [Private Fund Adviser Charged with Misrepresenting AML Procedures to Investors \(01/14/25\)](#)
- [Failure to Promptly Address Vulnerability in Investment Model & Whistleblower Violations \(01/16/25\)](#)
- [Wells Fargo & Merrill Lynch Advisory Firms Charged with Compliance Failures Relating to Cash Sweep Programs \(01/17/25\)](#)
- [Chief Compliance Officer Charged in Connection with Coverup of Illegal Securities Offering \(01/17/25\)](#)
- [Founder of Never Alone Capital Charged with Fraud \(02/26/25\)](#)
- [Private Fund Manager Charged with Misuse of Fund & Portfolio Company Assets & Custody Rule Violations \(03/07/25\)](#)
- [SEC Charges Real Estate Developer & Related Companies with Negligently Misleading Investors \(03/10/25\)](#)
- [Investment Adviser Charged with Fraud Related to Outsized Investment Transaction \(03/17/25\)](#)
- [Q1 Insider Trading Case Summary \(03/31/25\)](#)

Risk Alerts & Guidance

- [Exemption From Requirement to Report Personally Identifiable Information to Consolidated Audit Trail \(02/10/25\)](#)
- [SEC Investment Company Names Rule Updates \(03/14/25\)](#)

- [No-Action Letter Provides Guidance on 506\(c\) Exemption \(03/20/25\)](#)
- [SEC Marketing Rule FAQ Update Relaxes Net Performance Requirements \(03/20/25\)](#)

News & Events

- [SEC Crypto Task Force to Host Multiple Roundtables \(03/25/25\)](#)
- [SEC Hosts AI Roundtable \(03/27/25\)](#)

The Standish Compliance team continues to track and analyze regulatory developments and their impact on our private fund and other clients. We are happy to discuss the impact of regulatory developments for your firm and business activities.