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Q3 2025 Updates

The Securities and Exchange Commission (**SEC**) has made clear since the beginning of the year that its enforcement priorities now lie in traditional areas such as disclosure fraud, insider trading and market manipulation, and breaches of duties by registrants. In alignment with those priorities, Meg Ryan was sworn in as the Director of Enforcement on September 2, 2025. Judge Ryan served as a senior judge on the United States Court of Appeals for the Armed Forces since 2006 and was also a lecturer on military law and justice at Harvard University Law School. While it remains to be seen how Judge Ryan prioritizes her tenure at the SEC, we expect her tenure will be consistent with the aforementioned priorities.

On September 5, the SEC announced the formation of a cross-border task force to strengthen the Division of Enforcement's efforts to identify and combat cross-border fraud that harms U.S. investors, aligning SEC priorities with those of the current presidential administration. In contrast, under the current administration, the SEC has backed off enforcement under the Foreign Corrupt Practices Act (**FCPA**) as highlighted in a July dismissal of a 2019 enforcement action against Cognizant Technology Solutions and two executives for FCPA violations for which they had previously agreed to pay a $25 million settlement. The SEC and CFTC issued a joint statement announcing a new era of collaboration between the agencies at a Joint Roundtable on regulatory harmonization efforts, which should avoid duplicative enforcement actions.

Q3 marked an uptick in enforcement actions, at least until the federal government shutdown began at 12:01 a.m. on October 1, effectively halting most enforcement investigative activity. As is typical before the end of the SEC's fiscal year, enforcement activity picked up in September but not on a much smaller scale than in prior fiscal years. The SEC has moved to dismiss an unprecedented number of active enforcement actions this year in the crypto space and other areas, including those involving technical, non-fraud violations and relatively novel legal theories.

Chairman Atkins appointed James Moloney as the Director of the Division of Corporation Finance (**Corp Fin**) on September 10, 2025. Moloney previously served at the SEC for six years prior to joining Gibson Dunn & Cutcher, where he was a longtime respected legal counsel to public companies worldwide on corporate transactions and corporate governance issues. In August, the SEC announced the launch of a task force on artificial intelligence (**AI**) that will spearhead the agency's efforts to enhance innovation and efficiency in its operations through the responsible use of AI. Valerie Szczepanik was named the SEC's Chief AI Officer and is leading the task force. She previously served in key roles at the SEC involving financial technology and innovation, and digital assets in the Enforcement and rulemaking divisions. Meanwhile, the SEC Exam Division pursued an examination initiative focused on the use of AI.

On July 9, 2025, Commissioner Hester Peirce released a statement confirming that "tokenized securities are still securities" within the purview of the federal securities laws. Peirce emphasized that while blockchain technology enables innovative models for distributing and trading securities in tokenized form, these innovations do not alter the fundamental nature of the underlying assets. Peirce urged all market participants to consider applicable disclosure and regulatory obligations and encouraged engagement with the SEC to discuss appropriate exemptions and rule modernizations necessitated by "unique aspects of a technology" or where existing regulations are "outdated or unnecessary." Chairman Atkins subsequently discussed in a speech what he and Peirce have dubbed "Project Crypto," a SEC-wide initiative aimed at modernizing securities regulations to support President Trump's vision of establishing the United States as the global leader in crypto asset markets. The SEC announced that its Crypto Task Force, led by Peirce, would host a series of roundtables across the U.S. to hear from additional stakeholders.

Following are Q3 2025 updates posted in the Standish Compliance Regulatory Forum:

Rulemaking Updates

- Form PF Amendments Extended to 10/01/26 (09/17/25)
- Form SHO & Securities Lending Rules Sent Back to SEC for Review (08/26/25)

Enforcement Cases

- SEC Charges Chicago-Based Investment Adviser with Charging Improper Fees (07/03/25)
- SEC Dismisses First Ever RIC Liquidity Rule Enforcement Action (07/11/25)
- Adviser, CCO & President Charged with Failing to Disclose Conflicts, Overbilling & Backdated Compliance Documents (07/11/25)
- IA Charged with Fraud for Falsely Touting Insured Accounts (07/14/25)
- Former CCO Charged with Falsifying Documents Produced to Exam Staff (07/15/25)
- IA/BD Rep Transfers Trading Losses from Personal Accounts to Clients (07/16/25)
- IA/BD Rep Fraud Soliciting Investors for Fictitious Private Equity Fund (07/16/25)
- Options Trading Cherry Picking Scheme (07/22/25)
- Custody Rule Violations for Failure to Obtain Surprise Examination (08/01/25)
- Reg M Violation by Private Fund Manager (08/04/25)
- Trader Charged with Manipulative Options Spoofing Scheme (08/11/25)
- Portfolio Manager Violated Fiduciary Duty by Investing Private Fund in Ponzi Scheme (08/14/25)
- PE Fund Portfolio Company Fees & Management Fee Offset Failures (08/15/25)
- Dual-Registered IA/BD Disclosure Failures & Incentive Compensation Conflicts (08/29/25)
- Vanguard Failure to Disclose Conflicts Related to Incentive Compensation (08/29/25)
- Adviser Charged with Marketing Rule, Books & Records, Compliance Rule Violations (09/04/25)
- Adviser Breaches Fiduciary Duty in Arranging Affiliated Loans & Undisclosed Fees (09/08/25)
- Private Fund Conflicts & Misrepresentations Regarding Affiliated Loans & LP Buyout (09/09/25)
- Adviser Charged with Improper Disclosure of Client Nonpublic Personal Information (09/11/25)
- Quantitative Model Developer Charged with Defrauding RIAs (09/11/25)
- Investment Adviser Cherry Picking (09/12/25)
- Misleading Marketing by Bloomberg Tradebook LLC (09/18/25)
- Supposed Hedge Fund Manager Charged with Fraud (09/22/25)
- Russian National Charged in Account Takeover Scheme Involving U.S Accounts (09/24/25)
- Hedge Fund Fraud to Conceal Losses (09/29/25)
- Q3 Insider Trading Cases (09/30/25)
- Q3 Crypto Enforcement Developments (09/30/25)

Risk Alerts & Guidance

- Custody Rule Crypto Custodian No-Action Letter (09/30/25)

News & Events

- Spring 2025 Regulatory Agenda (09/04/25)
- SEC Small Business Capital Formation Developments (09/22/25)

The Standish Compliance team continues to track and analyze regulatory developments and their impact on our private fund and other clients. Let us know if you have questions regarding any regulatory developments or their application to your firm.