

Standish Compliance Regulatory Forum Q4 2025 Updates

The Securities and Exchange Commission (SEC) experienced a prolonged shutdown starting October 1 and lasting through November 12 as part of the larger government shutdown resulting from Congress's failure to pass necessary appropriations or spending bills for the 2026 fiscal year. Routine matters, including examinations, non-emergency enforcement actions, and regulatory guidance paused during that period. The shutdown resulted in a backlog of work that SEC staff endeavored to clear or advance after the agency re-opened in November. While we expected investment adviser registrations that were filed immediately prior to or during the shutdown to be delayed, the SEC processed pending Form ADV filings promptly upon reopening. Examinations that were pending or open during the shutdown similarly resumed promptly as well. There appeared to be a significant amount of examination and other activity in the second half of Q4 which has continued unabated into January.

There were several SEC staff departures at the end of 2025 and as 2026 began, including significantly the lone Democratic Commissioner, Caroline Crenshaw. Crenshaw's first term ended in June 2024, and President Biden nominated her for a second term. The Senate Banking Committee scheduled votes on her confirmation twice but canceled them. Ultimately Crenshaw left the SEC on January 2, 2026, after the Senate Banking Committee did not vote to confirm her second term because of her strong crypto industry opposition. As a result, there are currently no Democratic Commissioners remaining with only Chairman Paul Atkins and Republican Commissioners Hester Peirce and Mark Uyeda. Peirce's second term ended in June 2025, and she has been serving on an extension which will last until the end of 2026 unless she is replaced sooner. It is unclear when President Trump will appoint new SEC Commissioners.

Other recent SEC staff departures included retirements and other normal course resignations, including: Deputy Directors of Enforcement Nekia Hackworth Jones and Antonia M. Apps; Deputy Director Division of Corporation Finance Cicely LaMothe; Director Office of Investor Education and Assistance Lori Schock; and others in DC and regional offices. Joshua T. White, an academic, was named SEC Chief Economist replacing Robert Fisher who was serving in an acting capacity in that role.

Chairman Atkins spoke in early December at the New York Stock Exchange reinforcing the current Commission's priorities in 2026 to revitalize America's Markets as the country approaches an important milestone, its 250th year. In the speech he gave a history lesson on the U.S. securities markets and expressed concern regarding past trends and the current state of regulation and shared a "cautionary tale of regulatory creep." Atkins noted that "these trends have eroded American competitiveness; locked average investors out of some of the most dynamic companies; and pushed entrepreneurs to seek capital elsewhere, either in the private markets or on foreign shores." However, he further opined that the decline was not inevitable and is not irreversible and noted that "there are many SEC rules and practices that have amassed over the decades and are ripe for reform." Accordingly, we expect to see further regulatory reform in the coming year.

In early January, the SEC proposed amendment to the rules that define which investment advisers, registered investment companies and business development companies qualify as small entities for purposes of the Regulatory Flexibility Act (RFA). The proposal would increase the assets under management threshold below which an investment adviser would be considered a small entity from \$25 million to \$1 billion, and the threshold would be inflation adjusted every 10 years. The RFA requires the SEC to analyze and minimize the disproportionate economic impact of regulations on smaller entities; therefore increasing this threshold should impact future rulemaking efforts and the potential impact to smaller advisers. Form ADV Item 12 of Part 1A would be amended in conformity with the change. Industry representatives have been lobbying for this change for some time and we will continue to monitor the status of the proposed rulemaking.

Following are Q4 2025 updates posted in reverse chronological order in the [Standish Compliance Regulatory Forum](#):

Rulemaking Updates

- [Form SHO - Temporary Exemption until 01/02/28 \(12/03/25\)](#)

Enforcement Cases

- [Loan Agreement Fraud Scheme by Investment Adviser/Registered Representative \(10/03/25\)](#)
- [SEC Charges Fund Manager with Fraud in Connection with Notes Issuance \(10/22/25\)](#)
- [CEO Charged with Fraud in Connection with SPAC Merger \(11/07/25\)](#)
- [SEC Charges 6 Purported Advisers with Misrepresentations in Form ADV \(11/13/25\)](#)
- [Fund Auditor Independence Violations \(11/21/25\)](#)
- [Adviser Charged with Recidivist Compliance & Disclosure Failures \(11/24/25\)](#)
- [SEC Charges IA/BD with Deficient Cybersecurity & Identity Theft Program \(11/25/25\)](#)
- [Adviser Charged with Misleading Statements in Fund Pitch Deck \(11/25/25\)](#)
- [Hedge Fund Manager Personal Driver Poses As Professional Money Manager \(12/05/25\)](#)
- [Global Research Analyst Settlement Modification \(12/05/25\)](#)
- [Fraudulent Fund Offering Targeting Retail Investors on Discord Platform \(12/10/25\)](#)
- [Manipulative Spoofing Scheme \(12/16/25\)](#)
- [Q4 SEC Crypto Enforcement Developments \(12/22/25\)](#)
- [Q4 Insider Trading Enforcement Actions \(12/23/25\)](#)

Risk Alerts & Guidance

- [SEC 2026 Examination Priorities Summary \(11/17/25\)](#)
- [DTC No-Action Letter - Securities Tokenization Program \(12/11/25\)](#)
- [SEC Marketing Rule Risk Alert - Testimonials, Endorsements & Third-Party Ratings \(12/15/25\)](#)
- [Q4 SEC Crypto Guidance Updates \(12/17/25\)](#)
- [CFTC No-Action Letter - CPO Exemptions \(12/19/25\)](#)

News & Events

- [Webinar: Addressing AI and Cyber Risks for Investment Advisers \(10/16/25\)](#)
- [Artificial Intelligence & SEC Compliance \(10/17/25\)](#)
- [Three Reminders on Gifts & Entertainment Controls \(11/20/25\)](#)
- [Webinar: SEC Exam & Enforcement Update \(12/02/25\)](#)

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.