Carl Kennedy and Michael Didiuk Quoted in the *Hedge Fund Law Report* on the First-Ever SEC-NFA MOU

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The *Hedge Fund Law Report* featured Carl Kennedy, Partner and Financial Markets and Regulation Co-Chair, and Michael Didiuk, Financial Markets and Funds Partner, in an article examining the first-ever Memorandum of Understanding (MOU) between the Securities and Exchange Commission (SEC) and the National Futures Association (NFA), entered into on May 21, 2026. The MOU is designed to enhance information sharing between the two regulators and to reduce duplicative oversight of the financial services firms and markets within their common regulatory interest.

As Carl explained, the MOU creates a framework for SEC-NFA coordination through information sharing, staff meetings on exam planning and risk assessment, and confidentiality protections for shared nonpublic information. It permits, but does not require, collaboration consistent with each agency's governing laws and may be terminated by either party on 30 days' notice.

Carl noted that the MOU is especially important for hedge fund managers dually registered with the SEC and NFA, who have faced separate exams and overlapping reporting requirements. In his view, it should reduce duplicative exams and requests, clarify compliance expectations and improve regulatory efficiency, while allowing more targeted scrutiny of firms with gaps across both regimes.

Carl also described the MOU as part of a broader harmonization effort by the SEC and Commodity Futures Trading Commission (CFTC) to reduce duplicative regulation for dual registrants. By formalizing direct SEC-NFA coordination for the first time, he said, the MOU should support better information sharing, coordinated examinations and more consistent regulatory expectations.

Mike added that the MOU follows a series of recent collaborations between the SEC and CFTC, including the updated CFTC-SEC MOU reached in March 2026, as well as the SEC's harmonization roundtables and joint speeches. He observed that these efforts reflect the agencies' shared focus on modernized coordination in an increasingly convergent and rapidly evolving financial ecosystem. Taken together, Mike noted, these arrangements signal a move toward more unified oversight, fewer jurisdictional disputes, more consistent guidance and a clearer compliance path for dually registered firms.

"SEC and NFA Enter Into First-Ever Memorandum of Understanding," *Hedge Fund Law Report*, May 2026

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CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.

Carl E. Kennedy
+1.212.940.8544
carl.kennedy@katten.com

Michael S. Didiuk
+1.212.940.6677
michael.didiuk@katten.com