



Financial Markets and Funds *Quick Take* | Issue 43

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Katten's Financial Markets and Funds Quick Take is a monthly newsletter highlighting key noteworthy developments potentially affecting financial markets and funds.

To read more issues of Katten's Financial Markets and Funds Quick Take, please [click here](#).

News From the Futures and Derivatives Law Report's Digital Asset Leadership Summit

Financial Markets and Regulation practice Co-Chair Carl Kennedy and Partner Michael Didiuk were featured speakers at the *Futures and Derivatives Law Report's* Digital Asset Leadership Summit, held on October 7 at the firm's New York office. The event, focused on legislative and regulatory developments and market innovations, showcased fireside chats with Securities and Exchange Commission (SEC) Chairman Paul S. Atkins and a conversation with Commodity Futures Trading Commission (CFTC) Acting Chairman Caroline D. Pham. [Read about the event.](#)

From Enforcement to Empowerment: SEC Chairman Paul Atkins Charts a New Regulatory Approach for Digital Assets

By Carl Kennedy, Nicholas Gervasi, Michael Didiuk, Alexander Kim

SEC Chairman Atkins promoted a forward-looking regulatory agenda, emphasizing three interlocking priorities: (1) establish a formal "innovation exemption" to foster responsible technological development in US markets, (2) advance structural reforms to "future-proof" the SEC's regulatory agenda, and (3) redefine the SEC's role as a "Securities and Innovation Commission." [Read Katten's fireside chat summary.](#)

CFTC Acting Chairman Pham Outlines a Technology-Neutral Approach to Digital Assets and Agency Modernization

By Carl Kennedy, Alexander Kim

CFTC Acting Chairman Pham described a measured and practical approach to digital assets and market oversight. Drawing on experience in both government and industry, she emphasized technology-neutral, principles-based regulation, a recommitment to "regular order," and a renewed focus on organizational performance to support the CFTC's mission. [Read Katten's fireside chat summary.](#)

Breaking Barriers: SEC-CFTC Host Historic Harmonization Roundtable

By Carl Kennedy, Michael Didiuk, Lori Jacobs

In what the agencies are touting as "a new era of collaboration" and "a new day for US capital markets," the SEC and the CFTC held a historic joint roundtable on September 29 at the SEC's headquarters (Roundtable), which was focused on harmonization efforts between the two US market regulators. [Read about the Roundtable.](#)

Setting the (Generic) Standard: SEC Clears the Path for Listing Commodity-Based and Crypto ETPs

By Nicholas Gervasi, Michael Didiuk, James Brady

The SEC approved proposed rule changes by multiple exchanges to adopt generic listing standards for Commodity-Based Trust Shares, including those that hold digital assets such as cryptocurrencies. This move allows national securities exchanges to list and trade qualifying exchange-traded products (ETPs) holding spot commodities without requiring each product to undergo the previously mandatory, individualized SEC rule filing process under Section 19(b) of the Securities Exchange Act of 1934. <https://quickreads.ext.katten.com/post/102l61u/setting-the-generic-standard-sec-clears-the-path-for-listing-commodity-based-a?news>[Read about commodity- and crypto-based ETPs.](#) [Read James Brady's comments in Law360.](#)

If It's Broken, Please Fix It: The CFTC Proposes to Resolve Compliance Challenges for Swap Dealers

By Carl Kennedy, Eli Krasnow, Nicholas Gervasi

The CFTC proposed targeted amendments to its business conduct and documentation requirements for swap dealers (SDs) on September 24. The proposal addresses long-standing compliance

concerns from market participants regarding the application of certain external business conduct standards and swap trading relationship documentation rules, particularly in the context of cleared swaps and prime brokerage arrangements. [Read about the CFTC's proposed amendments.](#)

Stephen Morris Discusses Cross-Product Netting Under US Capital Framework and Implications for Mandatory Clearing for US Treasuries

Financial Markets and Funds Partner Stephen Morris spoke with Risk.net regarding efforts to resolve critical questions surrounding central clearing of US Treasury cash and repo transactions. Steve noted that there are hurdles yet to be cleared by prudential regulators, in addition to a potential overhaul of the Basel III capital framework. [Read about Steve's comments.](#)

Susan Light Shares Nuances of Proposed Amendments to FINRA Rule 2210

Hedge Fund Law Report spoke with Partner and Broker-Dealer Regulation Co-Chair Susan Light to help break down the proposed amendments to Financial Industry Regulatory Authority (FINRA) Rule 2210 on communications with the public. The goal is to provide an exemption to broker-dealers previously prohibited from making performance projections in written investor communications. [Read about Sue's comments.](#)

Declawing the CAT: SEC Trims Back Audit Trail Obligations

By Nicholas Gervasi, James Brady, Michael Lohnes

The SEC issued a [conditional exemptive order](#) that grants targeted relief from several requirements under the national market system plan governing the consolidated audit trail (CAT), SEC Rule 613 of Regulation NMS, and SEC Rule 17a-1 under the Securities Exchange Act of 1934, as amended. The relief reduces CAT's overall operational complexity and costs while preserving its surveillance role. [Read about CAT relief.](#)

SEC Issues Policy Statement Clarifying Its Position on Mandatory Arbitration Provisions

By Michael Lohnes, Michael Diver, Sarah Eichenberger, Jamie Noonan

On September 17, the SEC approved a Policy Statement clarifying the SEC's views on issuers whose registration documents mandate arbitration of federal securities claims. The announcement, which effectively condones the inclusion of arbitral clauses in registration documents, marks a significant policy shift at the SEC, giving public companies flexibility to limit the costs associated with securities litigation. [Read about mandatory arbitration provisions.](#)

Are You Ready? – New York DFS Cybersecurity Regulation Approaches Its Final Compliance Phase

By Carl Kennedy, Trisha Sircar, Caron Song

Are you operating as a financial services business? Are you aware of the new cybersecurity rules that will soon apply to New York–regulated financial firms? If you are a financial services business and are unaware of the upcoming compliance date for New York's cybersecurity requirements, please mark your calendar. On November 1, the final phase of compliance under the New York Department of Financial Services' 23 NYCRR Part 500 (Cybersecurity Regulation) will take effect. [Read about the DFS's Cybersecurity Regulation.](#)

AI Usage in the Banking and Financial Services Industry and the Current State of Regulation and Litigation Involving AI

By Eric Hail, Ted Huffman

Published by *TexasBarCLE*, Artificial Intelligence (AI) is rapidly reshaping the landscape of banking and consumer financial services. Banks and consumer finance companies are actively leveraging AI with the ultimate goal of lowering costs for such services. AI is being used to streamline and improve credit decisioning, enhance cybersecurity, augment risk management and controls, detect fraud, improve customer service and marketing, increase productivity, and drive profitability. [Read Katten's article.](#)

EU/UK

FCA Consults on Fund Tokenization and Direct Dealing

By Christopher Collins, Ryan Hansen, Thomas Laurer, Neil Robson, Edward Tran, Ciara McBrien

On October 14, the Financial Conduct Authority (FCA) published a consultation paper setting out proposals to advance fund tokenization through new direct dealing arrangements, and guidance on distributed ledger technology (DLT) implementation for UK authorized funds. [Read about the FCA's consultation paper.](#) [Read about Chris Collin's comments to Law360.](#)

UK Regulators Transfer MiFID Organizational Regulation into Domestic Rulebooks

By Christopher Collins, Neil Robson, Ciara McBrien, Carolyn Jackson, Nathaniel Lalone

On October 9, the FCA and Prudential Regulation Authority (PRA) published policy statements PS25/13 and PS16/25, respectively, completing the transfer of the Markets in Financial Instruments Directive Organizational Regulation (MiFID Org Reg) into UK regulatory rulebooks and statutory instruments. [Read about the technical changes and algorithmic trading requirements.](#)

FCA Publishes Updates on Clarifying and Streamlining the UK Consumer Duty

By Christopher Collins, Neil Robson, Sara Portillo

On September 30, the FCA published three updates in connection with the Consumer Duty: (i) a letter to HM Treasury (HMT) setting out the application of the Duty for wholesale firms (the Letter); (ii) a webpage on the FCA's ongoing work to streamline rules and reduce complexity for businesses following the Duty's introduction (the Webpage); and (iii) a webpage outlining the FCA's priority areas in relation to the Duty for 2025/2026 (the Priority Webpage). [Read about UK Consumer Duty.](#)

FCA Publishes Market Watch Issue 84 on UK EMIR Refit Implementation

By Christopher Collins, Ciara McBrien, Carolyn Jackson

On September 30, the FCA published issue 84 of Market Watch, providing a one-year review of the UK European Market Infrastructure Regulation (UK EMIR) Refit implementation and its impact on derivatives reporting, data quality and compliance across the UK market. [Read about the FCA's reporting requirements.](#)

FCA Consults on Application of FCA Handbook to Cryptoasset Activities

By Christopher Collins, Neil Robson, Ciara McBrien, Carolyn Jackson, Nathaniel Lalone, Sara Portillo

The FCA has published a consultation on the application of the FCA Handbook to regulated cryptoasset activities. If the proposals therein are implemented by the FCA, it would mark another step in the transition from limited anti-money laundering and financial promotion oversight to more comprehensive regulation, resulting in cryptoasset firms being subject to requirements comparable to traditional financial services firms. [Read about the FCA's consultation.](#)

Christopher Collins Comments on FCA Review of Off-Channel Communications

Financial Markets and Funds Partner Christopher Collins was quoted in *Treasury Today* and *Compliance Week* on the FCA's review into off-channel communications, underscoring cultural and oversight challenges as 41 percent of identified breaches involved director-grade or above staff. Chris noted that this poses challenges for firms seeking improved compliance from employees. [Read about Chris's comments in Treasury Today.](#) [Read about Chris's comments in Compliance Week.](#)

ICYMI

Here's a look back at recent client advisories from Katten.

["Economic Crime and Corporate Transparency Act 2023 — Identity Verification and Companies House Filings \(2025 Update\),"](#) October 30, 2025

["SEC's Strategic Shift to Expand Retail Investors' Access to Private Assets Provides New Opportunities: An Overview and Key Considerations,"](#) October 24, 2025

["Clear Skies Ahead? Predicting the Use of the Floor Trader Exemption in Event Contract Markets to Avoid Swap Dealer Registration,"](#) October 23, 2025

["National Security Meets Investment: Understanding the United Kingdom's Evolving NSI Regime,"](#) October 22, 2025

["Key LP Investments Trends in 2025 and Beyond: Navigating Fee Transparency, Liquidity Solutions and Governance,"](#) September 24, 2025

["Reaching the Finish Line: The CFTC Concludes Its Enforcement Sprint by Offering Lower Fines for Self-Reporting and Cooperation,"](#) September 22, 2025

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