Katten

NEWSLETTER



# Financial Markets and Funds *Quick Take* | Issue 49

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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.

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## SEC

### SEC Chairman Atkins Outlines Vision and Priorities at SIFMA Compliance and Legal 2026 Annual Conference

*By Wayne Aaron, Carl Kennedy, Matt Kluchenek, Zachary Schmitz*

In a candid fireside chat at the 2026 SIFMA Compliance and Legal Annual Conference, Securities and Exchange Commission (SEC) Chairman Paul S. Atkins provided a comprehensive overview of his approach to leading the Commission, highlighting a robust agenda focused on modernization, regulatory clarity, and transformation in a rapidly evolving financial landscape. Chairman Atkins provided additional context for the guiding framework for his tenure, encapsulated in the acronym ACT: Advance, Clarify, and Transform. *Read about Atikins's SIFMA remarks*.

### SEC Commissioner Peirce Addresses Industry at SIFMA's Compliance and Legal 2026 Annual Seminar

*By Zachary Schmitz*

SEC Commissioner Hester Peirce delivered wide-ranging remarks at SIFMA's Compliance and Legal 2026 Annual Seminar, addressing the Commission's evolving dynamics, digital assets, artificial intelligence, enforcement priorities under Chairman Paul Atkins, and her vision for a more

collaborative regulatory posture. Commissioner Peirce, who has served on the Commission for more than eight years under multiple chairs, was asked whether bipartisan cooperation at the SEC has given way to a more polarized approach. *Read about Peirce's SIFMA remarks*.

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## Fewer Actions, Sharper Focus: SEC Enforcement Declines in Fiscal Year 2025 as Priorities Shift

*By Michael Didiuk, Zachary Schmitz, Jessica Gracik, Ben Levine*

The SEC recently released enforcement results for the 2025 fiscal year, reflecting the SEC Division of Enforcement's new enforcement priorities, consistent with SEC's stated goals of moving beyond "regulation by enforcement" by deploying only a "minimal dose" of regulation and enforcement and prioritizing enforcement matters involving investor harm. Chairman Atkins noted that "the Commission has put a stop to regulation by enforcement," and has "redirected resources" to prioritize cases that focus on "misconduct that inflict[s] the greatest harm" in order to "provide meaningful investor protection and strengthen market integrity." *Read about enforcement trends.*

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## SEC Hits Pause on Cboe's New Disruptive Trading Rule

*By Christian Kemnitz, Zachary Schmitz, Peter Wilson, Jessica Gracik, Casey McClaren*

In a somewhat unusual step, the SEC paused the effort by the Chicago Board Options Exchange (Cboe) to self-certify a new Rule 8.23 governing disruptive trading practices. Cboe attempted to self-certify the Proposed Rule in January 2026 using a process that allows a self-regulatory organization (SRO) like Cboe to adopt certain types of generally uncontroversial rules without submitting them for public comment. *Read about Cboe's efforts*.

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## The CAT's Ninth Life: SEC's Sweeping Review Could Fundamentally Reshape the Consolidated Audit Trail

*By James Brady, Michael Lohnes, Nicholas Gervasi*

On April 16, the SEC issued a concept release soliciting public comment on a comprehensive review of the Consolidated Audit Trail (CAT) and other audit trails and related data sources used in the regulation of US securities markets. The Concept Release marks the most significant comprehensive reassessment of the CAT since the national market system plan governing it (the CAT NMS Plan)

was approved in 2016, and it puts nearly every foundational aspect of the system squarely on the table. *Read about the new Concept Release*.

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### The CAT's New Diet: SEC Approves CAT Cost Savings Amendment

*By James Brady, Michael Lohnes, Nicholas Gervasi*

The SEC approved the joint industry proposal, spearheaded by Consolidated Audit Trail, LLC (CAT LLC), to amend the National Market System Plan governing the Consolidated Audit Trail (CAT), which marks another step in the SEC's ongoing effort to reduce CAT costs. The SEC approved the seven-component amendment with certain modifications, and concluded that the proposal, as modified, strikes a balance between cost reduction and preservation of the CAT's core regulatory functionality and utility. *Read about the CAT cost savings amendment*. *Read about James Brady's comments to The National Law Journal*.

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### Michael Didiuk Talks Trends and Challenges When Converting Private Funds Into Registered Funds With *Private Equity Law Report*

As part of a two-part series, Financial Markets and Funds Partner Michael Didiuk spoke with *Private Equity Law Report* about the trend of fund managers converting private funds into registered funds under the Investment Company Act of 1940, as well as the critical operational and service provider challenges that advisers face. *Read part one on trends*. *Read part two on challenges*.

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## CFTC

### A New Era: New CFTC Enforcement Director Outlines Updated Priorities and Cooperation Policy

*By Carl Kennedy, Zachary Schmitz*

Making clear that the era of “regulation by enforcement” is over, CFTC Director of Enforcement David Miller delivered a comprehensive address at a special event hosted by the NYU Law School's Program on Corporate Compliance and Enforcement on March 31. Only three weeks into his new role, Miller set forth a new vision for the agency's enforcement approach — focusing only on the most

serious violations, acting decisively, and ensuring fairness and transparency in all enforcement actions. *Read about Miller's remarks*.

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#### It's DSRO Exam Time for FCMs: Be Letter 25-38 Prepared!

*By Nathaniel Lalone, Stephen Morris*

For futures commission merchants (FCMs) that are clearing members of the Chicago Mercantile Exchange, it's that time of year: Time for the annual examination of the FCM's operations and financial controls by their designated SRO, the CME's Financial and Regulatory Surveillance (FRS) Department. An FRS exam begins with a questionnaire addressed to the FCM, with a key question: what has changed at the FCM since the last exam. *Read about the anticipated changes*.

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#### NFA Cuts the Red Tape: Non-US Swap Dealers Breathe Easier With Streamlined Cross-Border Amendments

*By Carl Kennedy*

Sometimes the best regulatory changes are the ones that make compliance officers smile — and maybe even leave the office before 7:00 p.m. The National Futures Association (NFA) recently delivered just that, amending two key interpretive notices to ease cross-border compliance burdens for swap dealers (SDs) while maintaining robust oversight. These March 23 amendments, effective immediately, align NFA requirements with the cross-border framework established by the CFTC, eliminating duplicative obligations that have long been a source of friction for globally active swap market participants. *Read about the cross-border amendments*.

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## Prediction Markets/Crypto

### Kalshi Makes Its Case for Federal Court as Ninth Circuit Hearing Tees Up Potential Supreme Court Review

*By Carl Kennedy, Zachary Schmitz, Alexander Kim, Alexa Warner*

The fight over whether prediction markets belong in federal or state court continues to intensify. In the span of two days last week, KalshiEX LLC filed its opposition to Michigan Attorney General Dana Nessel's motion to remand the state's enforcement action to state court, and a Ninth Circuit panel heard oral arguments in consolidated appeals by three prediction market platforms challenging Nevada's enforcement of state gambling laws against event contracts traded on a Commodity

Futures Trading Commission (CFTC) regulated designated contract market (DCM). *Read about Kalshi's argument*.

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## Chairman Selig Goes to Capitol Hill: Key Takeaways on Prediction Markets, Crypto and Enforcement

*By Carl Kennedy, Zachary Schmitz, Alexander Kim*

Just over 100 days into his tenure, CFTC Chairman Michael S. Selig appeared before the House Committee on Agriculture on April 16 for a wide-ranging hearing that touched on nearly every major issue facing the agency. Selig used the hearing to defend the Commission's oversight of prediction markets and digital assets, while outlining its regulatory priorities and vision for the future of these rapidly growing markets. *Read about Chairman Selig's Congressional hearing*.

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## Prediction Markets Go on Offense: This Week's Major Victories and CFTC Actions

*By Carl Kennedy, Alexander Kim, Alexa Warner*

This week has proven pivotal for the prediction markets industry, with a series of legal and regulatory developments that could have far-reaching consequences for federally-regulated event contracts in the United States. Notably, the CFTC has taken an aggressive stance in asserting its exclusive jurisdiction, joining the US Department of Justice (DOJ) in blocking state enforcement actions, and announcing a new Innovation Task Force to develop a clear regulatory framework for prediction markets. *Read about prediction markets wins and updates*.

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## Play Ball: The CFTC and MLB Strike a Historic Deal to Protect Prediction Markets

*By Carl Kennedy*

In a move that would make even the most seasoned sports fans do a double-take, the CFTC and Major League Baseball (MLB) stepped up to the plate on March 19, signing a first-of-its-kind Memorandum of Understanding (MOU) between the federal derivatives regulator and a professional sports league. This groundbreaking agreement establishes a framework for both organizations to discuss, cooperate, and exchange information on issues of common interest, particularly the integrity of professional baseball and related prediction markets. *Read about the MOU*.

## Technology Service Vendors: Cryptoasset Wallet Provider Gets Relief Benefitting Entire Digital Asset Ecosystem, Prediction Markets Too

By Daniel Davis, Carl Kennedy

Staff from the Market Participants Division (MPD) of the CFTC issued No-Action Letter 26-09, providing significant regulatory relief to a cryptoasset wallet technology service vendor (TSV) seeking to expand its services into CFTC-regulated derivatives. Letter 26-09 expands upon a well-established body of CFTC guidance dating back to 2002, when the Commission first began issuing interpretive letters to TSVs providing that certain passive technology providers need not register as introducing brokers (IBs). *Read about TSV relief.*

**Read additional Katten commentary on prediction markets:**

- "*Risk.net* Features Carl Kennedy on the Fight Against Prediction Market Abuse," April 16
- "Carl Kennedy Breaks Down the Future of Event Contracts on *Prediction News Podcast*," April 14, 2026
- "*POLITICO* Analyzes CFTC Chairman Selig's Commitment to Prediction Markets With Carl Kennedy," April 13, 2026
- "Alexander Kim Spotlighted in *John Lothian News* for Interactive Prediction Markets Map," April 9, 2026
- "Carl Kennedy and Dan Davis Discuss Retail Expansion, Super Apps and the Next Phase of Prediction Markets," March 30, 2026

## From Enforcement to Empowerment: SEC's Inaugural Podcast Signals Continued Course Correction on Crypto

*By Michael Didiuk, Adam Bolter, Lori Jacobs, Alexa Warner*

On April 16, 2026, the Securities and Exchange Commission (SEC) debuted its podcast, *Material Matters*, with Chairman Paul S. Atkins hosting Commissioners Mark T. Uyeda and Hester M. Peirce. The podcast aims to demystify the agency by breaking down the complexities of financial regulation for everyday investors, business owners and market participants. In the inaugural episode, Commissioner Peirce, who leads the SEC's crypto initiative "Project Crypto," articulated a vision for

digital asset regulation that embodies the SEC's pivot away from what Chairman Atkins calls “regulation by enforcement,” moving toward an approach in which clear, principles-based rules govern and the SEC works with innovators rather than against them. *Read about Material Matters*.

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## Broker-Dealer

### SEC Outlines Time-Limited Path Forward for Crypto User Interface Providers on Broker-Dealer Registration

*By Wayne M. Aaron, James Brady, Michael Didiuk, Alexander Kim*

The SEC Division of Trading and Markets yesterday released a Staff statement outlining conditions under which providers of certain crypto asset securities user interfaces may operate without registering as broker-dealers under Section 15(a) of the Securities Exchange Act of 1934. The Statement reflects Commission Staff's views as an interim measure while the Commission considers broader regulatory issues and, absent further action, will automatically be considered withdrawn five years after its release date. *Read about the conditions for Covered User Interfaces*.

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### FINRA President and CEO Robert Cook Provides Update on 'FINRA Forward' at the SIFMA Compliance & Legal 2026 Annual Conference

*By Zachary Schmitz*

Financial Industry Regulatory Authority (FINRA) President and CEO Robert Cook spoke at the 2026 SIFMA Compliance & Legal Annual Conference, outlining FINRA's strategic priorities, ongoing initiatives, and the direction of regulatory policy under the “FINRA Forward” agenda. Cook emphasized that effective regulation by a modern regulator begins with organizational culture, noting that FINRA must cultivate a culture that is inquisitive, committed to continuous learning, and open to engaging with member firms. *Read about Cook's SIFMA remarks*.

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## Litigation/Enforcement

### Second Circuit Clarifies Scope of Liability for Securities Act Claims

*By Kevin Broughel, Zoe Lo*

In a matter of first impression, the Second Circuit recently affirmed the district court's dismissal of Securities Act claims in *Knapp v. Barclays PLC*, No. 25-1631, 2026 WL 806009 (2d Cir. Mar. 24, 2026). The court concluded that (1) a reverse split did not constitute a "sale" under Section 12 of the Securities Act of 1933, and (2) a supplemental pricing statement was not sufficiently traceable to establish Section 11 liability. This holding cabins the scope of Securities Act liability and provides meaningful defenses for defendants facing similar challenges. *Read about the Second Circuit's decision*.

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### DOJ Announces Unified Corporate Enforcement Policy

*By Alan Brudner, Scott Resnik, Michael Rosensaft*

On March 10, the DOJ unveiled afirst-ever Department-wide corporate enforcement policy. Deputy Attorney General Todd Blanche recently stated the policy will ensure that "every case is evenhanded, while accounting for the particular challenges posed by the breadth of [the Department's] cases." The new policy is intended to promote consistency and transparency and replaces the former patchwork of division-specific enforcement guidelines, although Sherman Act cases will remain subject to a separate policy by the Antitrust Division. *Read about the corporate enforcement policy*.

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**EU/UK**

### Getting Ready for the Complaints Regime Under the Data (Use and Access) Act 2025

*By Anita Hodea*

On June 19, one year after the Data (Use and Access) Act 2025 (DUAA) received Royal Assent, all data controllers subject to UK data protection law will be required by statute to have a formal process for handling data protection complaints. With the deadline now three months away, organizations should review their existing arrangements, updating relevant policies and procedures, and ensuring they are ready to comply with the new obligations. *Read about the Information Commissioner's Office's guidance*.

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### ICYMI

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

- "UK National Security and Investment Act: Government Confirms Targeted Reforms to Mandatory Notification Regime," April 13, 2026
- "Private Credit Developments: Regulatory Signals and Emerging Litigation Trends," April 9, 2026
- "The SEC and CFTC Provide Crypto Clarity: Most Crypto Assets Are Not Securities," March 19, 2026

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