



Katten Financial Markets and Funds *Quick Take*

January 2025

The CFTC Codifies the Letter 19-17 Compliance Processes Around Separately Margined Accounts

By Stephen Morris

In 2014, the Joint Audit Committee issued a Regulatory Alert insisting that futures commission merchant (FCM) clearing members treat separate accounts of the same beneficial owner as a single account for purposes of US futures margin rules. In 2019, in response to the vigorous objections of FCMs to this interpretation, Commodity Futures Trading Commission (CFTC) staff fashioned a matrix of compliance requirements (Letter 19-17) designed to permit FCM clearing members to treat separate accounts of the same beneficial owner as separate accounts for margin purposes, promising in doing so that these requirements would in due course be codified. [Read about the margin adequacy rule.](#)



IRS Broker Rule for Digital Assets Faces Constitutional Challenge From Industry Leaders

By Daniel Davis, Alexander Kim

Three digital asset organizations have jointly filed a lawsuit challenging the Internal Revenue Service's (IRS) new digital asset broker reporting [rule](#). The [complaint](#), filed in the Northern District of Texas on December 27, the same day the IRS issued the final rule, alleges that the rule not only exceeds the IRS's statutory authority but also violates the Fourth and Fifth Amendments of the Constitution. [Read about the legal challenges to the IRS.](#)

President-Elect Trump Taps Andrew Ferguson

to Serve as FTC Chair and Nominates Mark Meador as Commissioner

By Trisha Sircar

On December 10, 2024, President-elect Donald Trump announced that FTC commissioner [Andrew Ferguson](#) would chair the agency while nominating [Mark Meador](#) to fill the commissioner vacancy. Ferguson was sworn in as FTC commissioner in April 2024 and can be elevated to FTC chair without US Senate confirmation because of his prior confirmation process as commissioner. The Senate will carry out formal confirmation for Meador. Chair Khan is expected to announce her resignation before Trump's inauguration on January 20, 2025. [Read about Trump FTC appointments.](#)



Fifth Circuit Strikes Down Board Diversity Rules in En Banc Decision

By Ny'eshia Young, Johnjerica Hodge, India Williams

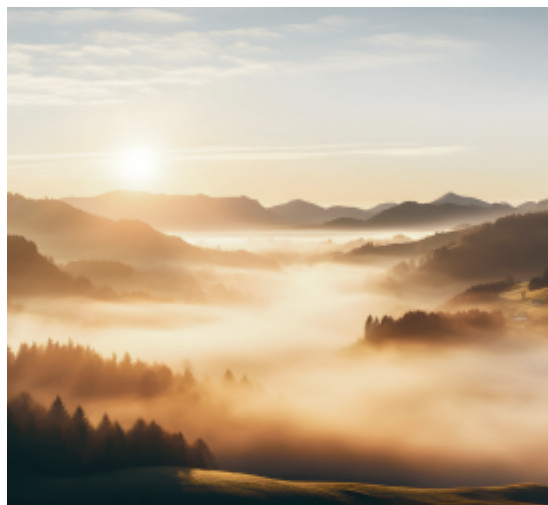
In a 9-8 *en banc* decision, the US Court of Appeals for the Fifth Circuit blocked the Nasdaq board diversity rules, ruling that the US Securities and Exchange Commission (SEC) lacked the authority to approve the rules. Under the board diversity rules, companies were required to: 1) disclose the self-identified gender, race, and sexual orientation of their board of directors; and

2) include at least one self-identified female, and at least one racial minority or member of the LGBTQ+ community on their board of directors, or explain why they do not have at least two directors that comply with the rules. [Read about the Fifth Circuit's decision.](#)

2024 Has Been a Momentous Year for ESG

By Johnjerica Hodge, India Williams, Nicholas Gervasi

Published by *Law360*, this article looks over the course of 2024 and the significant developments in the environmental, social and governance landscape — including disclosure challenges, new legislation, evolving global frameworks, continued litigation and enforcement actions, and US Supreme Court decisions with the potential to affect ESG initiatives. [Read Katten's article.](#)



EU/UK

The European Data Protection Board Releases Opinion on Artificial Intelligence

By Trisha Sircar



On December 18, 2024, the European Data Protection Board (EDPB) issued an opinion on personal data use in artificial intelligence (AI) in response to the Irish Data Protection Commission's [request](#) for more clarity regarding how the EU General Data Protection Regulation (GDPR) applies to AI. [Read about the EDPB guidance.](#)

Media Outlets Review APPG Report on the UK's FCA With Neil Robson

Financial Markets and Funds Partner Neil Robson spoke with *Fund Operator* and *The Drawdown* regarding a recent report by the all-party parliamentary group (APPG) on investment fraud and fairer financial services that has harshly criticized the UK's Financial Conduct Authority (FCA), labeling it as "incompetent at best, dishonest at worst." The investigation, which took nearly three years and involved evidence from 175 fraud victims, whistleblowers, and former FCA staff, highlighted significant shortcomings in the regulator's performance. [Read Neil's comments.](#)



ICYMI

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

- ["Update: Fifth Circuit Court of Appeals Reinstates Nationwide Injunction on CTA Reporting Requirements – CTA Enforcement Halted Once Again,"](#) December 27, 2024
- ["The CFTC Approves a Final Rule Regarding Investment of Customer Funds,"](#) December 23, 2024
- ["The SEC Lives On Under New Leadership — What to Expect,"](#) December 17, 2024

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