



Katten Financial Markets and Funds *Quick Take*
March 2025

CFTC Acting Chairman Pham Announces Effort to Quickly Resolve Recordkeeping and Reporting Investigations and Pledges Additional Guidance on Self-Reporting and Cooperation

By Carl Kennedy, Zachary Schmitz

Commodity Futures Trading Commission (CFTC) Acting Chairman Caroline D. Pham announced a new effort to encourage market participants to resolve open investigations regarding minor compliance violations with no customer harm, in order to free up Division of Enforcement resources to focus on market abuse and fraud. This effort is another in a series of steps Acting Chairman Pham has taken since her appointment to provide transparency and due process in the agency's law enforcement function and to address the CFTC's shift in "its enforcement program to focus on registration and compliance instead of the CFTC's mission to prevent fraud, manipulation, and abuse in our markets." [Read about self-reporting updates.](#)



Executive Order Establishes Strategic Bitcoin Reserve and Digital Asset Stockpile

By Daniel Davis, Alexander Kim

Bitcoin and other digital assets now have a welcome home in the US government. On March 6, President Trump signed an executive order (the [March 6 Order](#)) establishing the Strategic Bitcoin Reserve and United States Digital Asset Stockpile. It implements a key component of the administration's cryptocurrency framework outlined in the January 23 Executive Order, which directed the Presidential Working Group on Digital Asset Markets to evaluate the feasibility of a national digital asset stockpile. [Read about the Bitcoin Reserve executive order.](#)



President Trump Executive Order on Supervision of 'Independent' Agencies

By Daniel Davis, Carl Kennedy, Nicholas Gervasi

Amidst a blitz of executive action, on February 18, President Donald Trump signed an executive order entitled “Ensuring Accountability for all Agencies” ([Executive Order](#)) exerting more direct control over “independent regulatory agencies.” President Trump cited the “often-considerable authority” of these independent regulatory agencies as the rationale for needing this additional supervision and control. Furthermore,

due to perceived congressional inaction, the Executive Order, coupled with previous ones, forms another part of President Trump’s deregulatory agenda and his efforts to have the executive speak with one voice. [Read about the independent regulatory oversight executive order.](#)

Are Hedge Clauses Valid?

By Richard Marshall

As previously published in the Investment Adviser Association’s *IAA Today*, the article examines recent concerns about hedge clauses and contractual provisions that limit an adviser’s liability to clients. These concerns stem from a [2019 Securities and Exchange Commission \(SEC\) release](#) on advisers’ fiduciary duties, which withdrew an older SEC no-action letter that was seen as a guide for including hedge clauses in advisory contracts. Worries intensified when the SEC proposed banning hedge clauses in private fund agreements, although this proposal was never adopted, and the courts invalidated the final rule for exceeding SEC authority. [Read Katten’s article.](#)

SEC Grants Further Relief From Including Personally Identifiable Information in CAT Reporting

By James Brady, Michael Lohnes, Wayne Aaron, Susan Light

On February 10, the SEC granted relief exempting industry members from reporting a natural person’s name, address, and year of birth to the Consolidated Audit Trail (CAT). Industry members must still report transformed social security numbers (SSNs) or individual taxpayer identification numbers (ITINs) for natural persons and, to the extent applicable, Larger Trader IDs (LTIDs) and Legal Entity Identifiers (LEIs). [Read about CAT reporting changes.](#)



NYDFS Annual Compliance Submissions Due April 15 and New Compliance Requirements Effective on May 1

By Trisha Sircar

As we previously [reported](#), in 2023 the New York State Department of Financial Services (NYDFS) [amended](#) its cybersecurity regulation, 23 NYCRR 500 (or Part 500). As of November 1, 2024, Class A Companies and Covered Entities were required to comply with numerous Part 500 compliance obligations outlined [here](#). [Read about the compliance certification deadline.](#)



New Data Privacy Working Group Created by US House Committee

By Trisha Sircar

On February 12, Congressman Brett Guthrie (R-KY), Chairman of the House Committee on Energy and Commerce, and Congressman John Joyce, M.D. (R-PA), Vice Chairman of the House Committee on Energy and Commerce, announced the establishment of a comprehensive data privacy working group to develop new federal data privacy standards. [Read about the working group.](#)

EU/UK

European Commission Rejects Draft DORA RTS on Sub-contracting

By Nathaniel Lalone, Ciara McBrien

The European Commission recently published a letter to the European Supervisory Authorities (ESAs) rejecting certain draft regulatory technical standards (RTS) under the EU Digital Operational Resilience Act (DORA). The draft RTS specified the conditions and criteria to be considered by financial entities when subcontracting information communication and technology (ICT) services supporting critical or important functions. [Read about the European Commission's concerns.](#)

EDPB Adopts Statement on Age Assurance and Creates a Task Force on AI Enforcement

By Trisha Sircar

On February 12, during its February 2025 plenary meeting, the European Data Protection Board (EDPB) adopted a [statement](#) on assurance, which outlines ten principles concerning the processing of personal data when determining an individual's age or age range. The EDPB is also cooperating with the European Commission on age verification in the context of the Digital Services Act (DSA) working group. [Read about the personal data principles.](#)



ICYMI

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

- ["Clearer Skies Ahead: CFTC Enforcement Division's New Advisory Opens Doors for Self-Reporting and Increased Cooperation,"](#) March 7, 2025
- ["US Treasury Announces That the Corporate Transparency Act Will Not Be Enforced Against Domestic Companies, Their Beneficial Owners or US Citizens,"](#) March 6, 2025
- ["ILPA Publishes Updated Reporting Template and New Performance Template,"](#) February 18, 2025
- ["A More Business-Friendly Approach to Innovation, Risk Management and Derivatives Regulation: What to Expect From Incoming CFTC Chairman Brian D. Quintenz,"](#) February 18, 2025

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