

# Regulatory Update

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## SEC Unveils 2025 Agenda Focused on Innovation and Oversight

On September 4, 2025, SEC Chairman Paul S. Atkins introduced a forward-looking regulatory agenda aimed at modernizing the SEC's oversight framework while promoting innovation and market efficiency. Key priorities include reducing unnecessary compliance burdens, facilitating capital formation, and reassessing legacy systems such as the Consolidated Audit Trail. The agenda also reflects a shift toward a more principles-based approach, with several rulemakings from prior administrations scheduled for withdrawal or revision due to concerns over statutory overreach.

### Focus Areas: Digital Assets and Market Structure Reform

Digital finance is a central theme in the SEC's active rulemaking portfolio. Proposed rules address the classification, custody, and trading of crypto assets, alongside broader reforms to market structure and dealer definitions. Additional initiatives target improvements to exempt offering pathways and broker-dealer financial responsibility standards. These efforts underscore the Commission's intent to provide regulatory clarity in fast-evolving markets while maintaining investor protection.

### Investor Protection and Data Transparency Initiatives

The SEC continues to prioritize investor protection through final rules implementing the Financial Data Transparency Act and new customer identification requirements for registered investment advisers. Amendments to Form N-PORT and enhanced oversight of government securities trading platforms are also underway. Collectively, these measures aim to strengthen transparency, improve data quality, and ensure that regulatory safeguards keep pace with market developments.

Read the press release [here](#).

## SEC Launches Cross-Border Task Force to Combat Foreign Fraud

On September 5, 2025, the SEC announced a new Cross-Border Task Force aimed at protecting US investors from fraud involving foreign companies. This team will focus on uncovering and stopping schemes like "pump-and-dump" and "ramp-and-dump," in particular those tied to companies based outside the US. The task force will also keep a close eye on auditors and underwriters who help these companies enter US markets, with special attention to firms from countries where oversight can be challenging, such as China.

SEC Chairman Paul S. Atkins made it clear that while the US welcomes companies from around the world, there will be a zero tolerance for anyone trying to avoid US investor protections by hiding behind international borders. The new task force will bring together the SEC's resources to tackle cross-border fraud more effectively. The SEC is also considering new disclosure rules and other measures to further strengthen investor safeguards.

Read the press release [here](#).

## Nasdaq Proposes Rule to Enable Trading of Tokenized Securities

On September 8, 2025, The Nasdaq Stock Market LLC proposed a rule change (SR-NASDAQ-2025-072) to allow trading of securities in tokenized form on its exchange. This initiative aims to modernize Nasdaq's trading infrastructure by integrating blockchain technology. Under the proposed amendments to Equity 1 and Equity 4 rules, tokenized securities, defined as digital representations of ownership using blockchain, can be traded alongside their traditional counterparts, provided they are fungible, share the same CUSIP number, and offer identical rights and privileges. This ensures that tokenized shares are treated equivalently in terms of execution priority and order book placement.

Additionally, the proposal outlines operational procedures for clearing and settlement of tokenized trades. Participants wishing to settle in tokenized form must indicate this preference via a designated flag when entering orders. Nasdaq will then communicate these instructions to the Depository Trust Company (DTC), which will execute the settlement according to its own rules and procedures. If DTC cannot process the tokenized settlement, it will arrange alternative methods with the participant. This rule change reflects Nasdaq's broader effort to embrace digital asset infrastructure while maintaining regulatory compliance and market integrity.

Read the proposal [here](#).

## Long-Term Stock Exchange Pushes to Cut Reporting Frequency

On September 9, 2025, the Long-Term Stock Exchange announced its intent to petition the Securities and Exchange Commission (SEC) to permit public companies to report earnings on a semiannual basis, rather than quarterly. This proposal aligns with growing calls to reduce short-term performance pressures and regulatory burdens, and mirrors reporting practices already adopted in the UK and EU.

President Donald Trump publicly endorsed this on September 15, 2025. The SEC, currently led by Chairman Paul Atkins, has signaled openness to the idea, suggesting a potential shift in US corporate disclosure norms that could reshape investor relations and financial transparency.

Read the press releases [here](#).

## SIFMA Urges SEC to Modernize Electronic Disclosure Rules

On September 15, 2025, SIFMA and its Asset Management Group (SIFMA AMG) have formally urged the SEC to modernize the framework governing electronic delivery of required disclosures under federal securities laws. Their proposal advocates for treating electronic delivery as the default method, citing widespread investor adoption and preference for digital communications. SIFMA emphasizes that with proper safeguards, such as clear notifications and opt-out options, investors can receive timely, accessible information without compromising protection or choice. The current SEC guidance on electronic delivery, which has remained largely unchanged for over 25 years, is now outdated given the evolution of technology and investor behavior.

Additionally, SIFMA recommends that the SEC issue a rule or order under Section 104(d)(1) of the Electronic Signatures in Global and National Commerce Act (E-Sign) to exempt federal securities law requirements from E-Sign's written consent provisions. They argue that E-Sign, enacted after the SEC's last update, adds unnecessary complexity to digital delivery of documents that are legally required to be "in writing." SIFMA proposes a transitional framework where customers are notified via postal mail before being switched to electronic delivery, ensuring transparency and informed consent. This modernization effort aims to streamline communications while maintaining investor rights and regulatory integrity.

Read the letter [here](#).

## Form PF Compliance Deadline Extended to October 2026

On September 17, 2025, SEC Commissioner Caroline Crenshaw issued a statement regarding the Commission's decision to further extend the compliance date for the February 2024 amendments to Form PF. Originally set for March 12, 2025, and previously extended to June and then October 1, 2025, the new proposed compliance deadline is now October 1, 2026. This extension is intended to allow the SEC and CFTC additional time to review the amendments in light of interpretive challenges and implementation concerns raised by market participants. The agencies are also considering whether further changes to Form PF may be warranted to reduce burdens on advisers while preserving critical systemic risk data for the Financial Stability Oversight Council (FSOC).

Read the statement [here](#).

## SEC Clarifies Stance on Arbitration Clauses in Filings

On September 17, 2025, The SEC's policy statement clarifies that companies including mandatory arbitration provisions in their registration documents will not face delays or denials when seeking to accelerate the effectiveness of those filings. This move addresses long-standing uncertainty among issuers about whether requiring investors to resolve claims through arbitration, rather than in court, might conflict with federal securities laws. According to the SEC, current interpretations of the Federal Arbitration Act support the enforceability of such provisions, and therefore, their presence does not violate securities regulations or hinder the registration process.

Chairman Paul Atkins emphasized that the SEC's role is not to endorse or oppose arbitration clauses, but to ensure transparency and consistency in how the agency applies the law. The staff will continue to focus on the quality and completeness of disclosures in registration statements, including any mention of arbitration provisions. While the policy offers clarity at the federal level, it acknowledges that issuers may still face challenges under state laws or from investor sentiment.

Read the press release [here](#).

## FinCEN Proposes Two-Year Delay for AML Rule on Advisers

On September 19, 2025, FinCEN is inviting public feedback on a proposed change to its rule requiring investment advisers to implement anti-money laundering and counter-terrorism financing programs. The amendment would push the rule's effective date from January 1, 2026, to January 1, 2028. This extra time would allow FinCEN to reassess the rule's design and ensure it aligns with the varied business models and risk levels across the investment adviser industry.

The agency is particularly interested in whether the two-year delay is appropriate and if other options should be considered. Stakeholders have until October 22, 2025, to submit comments, which will help shape the final decision and ensure the rule is both practical and effective.

Read the rule [here](#).

## SEC Chair Urges SEC-CFTC Unity to Strengthen US Financial Leadership

On September 29, 2025, SEC Chairman Paul S. Atkins recently addressed the longstanding regulatory divide between the SEC and CFTC, calling for a new era of collaboration rather than consolidation. Speaking at the SEC-CFTC Joint Roundtable, Atkins emphasized that while the two agencies have historically operated in silos, the evolving complexity of financial markets demands a more unified approach. He argued that regulatory fragmentation has led to inefficiencies, discouraged innovation, and pushed entrepreneurs offshore. Instead of pursuing bureaucratic restructuring, Atkins advocated for practical coordination that preserves each agency's strengths while reducing duplicative oversight.

Atkins framed this shift as essential to maintaining U.S. leadership in global finance. He warned that without harmonized regulation, the US. risks falling behind in areas like fintech and digital assets. By aligning efforts, the SEC and CFTC can create a more predictable and innovation-friendly environment for market participants. Atkins closed with a forward-looking message, urging regulators to embrace change and ensure that American financial leadership continues to thrive—from traditional markets to emerging technologies like blockchain.

Read the full speech [here](#).

## SEC Issues No-Action Letter on Crypto Custody Under Advisers Act

On September 30, 2025, the SEC's Division of Investment Management issued a no-action letter in response to a request from Simpson Thacher & Bartlett LLP. The letter addresses whether State Trust Companies may be treated as “banks” under the Investment Advisers Act of 1940 and the Investment Company Act of 1940 for purposes of custody of crypto assets and related cash equivalents.

### Key Takeaways:

- No-action assurance was granted, meaning the SEC staff would not recommend enforcement action if:
  - A Registered Adviser or Regulated Fund treats a State Trust Company as a “bank” for custody of Crypto Assets and Related Cash and/or Cash Equivalents.
- This is contingent on several conditions, including:
  - Due diligence confirming the State Trust Company is authorized and has robust internal controls.
  - Annual review of audited financial statements and SOC-1/SOC-2 reports.
  - Written custodial agreement prohibiting lending or rehypothecation without consent and requiring asset segregation.
  - Disclosure of material risks to clients or fund boards.
  - Determination of best interest for clients or shareholders.
- The letter emphasizes that this position:
  - Is not legally binding.
  - Does not alter existing custody rules.
  - Is limited to crypto assets and related cash equivalents.
  - Is based on the specific facts and representations in the request.

Read the full letter [here](#).

## Rulemaking Watch

### SEC Adopts Rule Amendments to Regulation S-P to Enhance Protection of Customer Information

The amendments to Regulation S-P become effective on December 3, 2025, for large investment advisers and for small advisers on June 3, 2026.

Read the press release [here](#).

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