

Regulatory Update

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FINRA Rule 2210 Update: Proposed Framework for Performance Projections in Investor Communications

On February 10, 2026, FINRA filed a proposed amendment to FINRA Rule 2210 (Communications with the Public) that would newly allow firms to include projected performance or targeted returns in their communications. The change would permit projections relating to a security, a securities portfolio, or an investment strategy, representing a meaningful expansion of permissible content in both institutional and retail communications.

To prevent projections from misleading investors, the proposal requires firms to base any projected performance on reasonable, well-supported criteria and clearly documented assumptions. In addition, firms would be required to adopt and implement written policies and procedures designed to ensure that any projection or targeted return is appropriate for the likely financial situation and investment objectives of the intended audience; to establish and document a reasonable basis for the criteria and assumptions used and maintain written records supporting them; and to provide clear disclosures explaining all criteria, key assumptions (including whether results reflect anticipated fees and expenses), and the risks and limitations of relying on such projections—particularly the possibility that actual performance may vary significantly.

This initiative reflects FINRA's broader push to modernize its communications framework in line with industry use of analytical models and performance-projection tools. The proposal aims to balance innovation in investor communications with strong investor-protection safeguards. Firms should review their existing communications-review processes and consider what procedural updates may be required if the amendment is approved.

Read the proposal [here](#).

SEC Approves Amendments to FINRA Rule 3220: Updated Gift Limits and Modernized Compliance Standards

On February 12, 2026, the SEC approved FINRA's proposed amendments to FINRA Rule 3220 (Gifts Rule) under Release No. 34-104830. The updated rule increases the permissible gift limit from \$100 to \$300 per person per year, authorizes FINRA to grant exemptive relief, and codifies extensive existing guidance on business-related gifts. This includes clarification on gifts incidental to business entertainment, valuation and aggregation requirements, personal and bereavement gifts, de minimis and promotional items, disaster-related donations, and related supervision and recordkeeping expectations. FINRA will also adjust its non-cash compensation rules to align with the updated gift limits.

The approval follows a prolonged rulemaking process that began with FINRA's May 2025 filing, public comment review, and the issuance of Amendment No. 1 to address industry feedback. The SEC's order concludes that the amendments modernize the Gifts Rule to better reflect current business practices while upholding investor protection and supervisory standards. After reviewing multiple comment letters and procedural extensions, the Commission determined that the revised rule is consistent with the Securities Exchange Act and enhances clarity and regulatory alignment across member firms.

Read the final rule [here](#).

CFTC Reasserts Exclusive Federal Authority Over Event Contract and Prediction Markets

On February 17, 2026, the Commodity Futures Trading Commission (CFTC) filed an amicus brief in the US Court of Appeals for the Ninth Circuit, firmly reaffirming its *exclusive jurisdiction* over US commodity derivatives markets, including event contract markets commonly known as prediction markets. The filing was submitted in *North American Derivatives Exchange, Inc. et al. v. The State of Nevada*, where the CFTC emphasized that state-level attempts to regulate these markets conflict with federal law and decades of regulatory precedent. Chairman Michael S. Selig stated that event contracts play a vital role in hedging event-driven risks and maintaining market transparency, underscoring that these instruments fall squarely within the CFTC's statutory remit.

The brief also traces the long-standing recognition of event contracts, dating back to the CFTC's 1992 approval of the Iowa Electronic Markets and later strengthened by post-2008 legislative reforms granting the agency comprehensive oversight of contracts based on broadly defined commodities. According to the CFTC, allowing states or other regulators to intervene would disrupt market structure and create destabilizing economic effects. This latest action signals continued federal commitment to regulatory clarity and reinforces the importance for registrants and compliance teams to monitor evolving jurisdictional challenges surrounding emerging financial products.

Read the press release [here](#).

SEC Proposes Form N-PORT Amendments: Extended Deadlines and Reduced Reporting Burdens for Funds

On February 18, 2026, the Securities and Exchange Commission (SEC) released proposed amendments to Form N-PORT aimed at reducing reporting burdens while preserving access to meaningful portfolio data. The proposal would grant funds an additional 15 days to file their monthly Form N-PORT reports, extending the filing deadline from 30 to 45 days after month-end, and would reduce the public reporting frequency from monthly to quarterly. It also streamlines certain reporting fields while adding new identifying information, including details relevant to ETF share classes. These changes reflect the SEC's review of the 2024 amendments, incorporating industry feedback and developments that followed the original adoption.

The SEC also extended the compliance dates for Names Rule–related Form N-PORT reporting requirements originally adopted in 2023. These requirements had already been delayed once in March 2025, and the latest extension is intended to give funds and service providers more time to manage operational challenges associated with implementation. The SEC noted that part of the purpose of the extension is to avoid requiring funds to build systems for reporting items that the Commission is now proposing to eliminate. Together, these proposed amendments and extensions aim to balance regulatory efficiency with market practicality, ensuring investors continue to receive consistent and decision-useful fund information. The extension is intended to allow time for consideration of the proposed amendments and to help funds avoid costs associated with requirements the SEC is proposing to eliminate. Under the new timeline, compliance dates for the Names Rule–related Form N-PORT requirements are extended to **November 17, 2027**, for fund groups with USD\$10 billion or more in net assets, and to **May 18, 2028**, for fund groups with less than USD\$10 billion in net assets.

The SEC has posted the proposing release for the Form N-PORT amendments on its website, and it will be included in an upcoming issue of the *Federal Register*. Once it appears there, the public will have 60 days to submit comments.

Read the fact sheet [here](#).

SEC Updates Names Rule FAQs for 2025–26 and Clarifies Fund Naming Compliance Requirements

On February 18, 2026, the SEC’s Division of Investment Management released its updated 2025–26 *Names Rule FAQs* providing additional clarity following the Commission’s 2023 amendments to Rule 35d-1 under the Investment Company Act of 1940. The updated guidance addresses how funds should apply the expanded scope of the Names Rule, which now captures a broader array of investment company names that may mislead investors regarding investment focus or risk profile. The staff also withdrew several outdated 2001 FAQs while retaining and modifying others to reflect the current regulatory framework. As always, the SEC emphasizes that these FAQs represent staff views only and do not have legal force or create new obligations.

The updated FAQs reiterate that funds whose names suggest a particular investment focus—such as thematic, ESG, “growth,” or “value”—must maintain an 80% investment policy aligned with those defining characteristics. The SEC also clarifies the use of commonly interpreted terms in fund names, including “income,” “high-yield,” “money market,” and “tax-sensitive,” and highlights when revisions to an 80% investment policy may trigger shareholder approval requirements. These updates come alongside broader guidance issued January 8, 2025, which further interpreted the 2023 Names Rule amendments and clarified compliance expectations as funds prepare for upcoming regulatory deadlines.

Read the updated FAQ [here](#).

On February 24, 2026, the SEC issued a comprehensive update to its Enforcement Manual, the first full revision since 2017, reflecting the agency’s renewed emphasis on fairness, transparency, and procedural consistency. The revisions, released on February 24, 2026, aim to create greater uniformity across regional offices, streamline investigative workflows, and reinforce the SEC’s mission to protect investors and maintain orderly markets. Senior leadership highlighted that the update is part of a new annual review cycle intended to keep investigative practices current and effective.

A central feature of the revision is a more structured Wells process that standardizes response timelines and enhances opportunities for meaningful engagement with the Commission. Recipients of Wells notices now ordinarily receive four weeks—rather than the historically common two—to submit a response, and they are guaranteed a meeting with senior Enforcement Division leadership within four weeks of that submission. The manual also provides detailed guidance to improve the quality and relevance of Wells submissions, encouraging factual precision, recognition of evidentiary strengths and weaknesses, and tailored legal arguments.

The updated manual also codifies procedures for simultaneous consideration of settlement offers and related waiver requests. This alignment is intended to eliminate uncertainty regarding collateral consequences during settlement negotiations and to provide parties with a more predictable pathway to resolution. The SEC expects that greater transparency regarding investigative files, staff expectations,

and cooperation standards will support more efficient case outcomes and reduce ad hoc procedural discrepancies across offices.

Beyond procedural refinements, the revised manual tightens expectations around document production, electronic record handling, and investigative timetables. The SEC has signaled a heightened focus on digital communications and faster case progression, with immediate effect. Although some industry groups—especially smaller firms—express concern about increased compliance burdens, the Division maintains that the updates are necessary to strengthen market integrity and reduce investigative ambiguity. Additional interpretive guidance is expected in the coming weeks as firms adjust to the new standards.

What's New or Has Changed Since the Last Update (2017 → 2026)

1. Standardized Wells Process (Major Change)
 - Wells response deadline extended to four weeks (commonly two weeks before)
 - Wells meetings must occur within four weeks after submission, with participation from senior Enforcement leadership.
2. New Guidance on Wells Submissions
 - Manual now specifies what makes a submission “most helpful,” including evidentiary analysis, addressing staff precedent, discussing litigation risk, and applying Seaboard cooperation factors.
3. Simultaneous Settlement and Waiver Consideration
 - Parties may now request joint evaluation of settlement offers and any related waivers of automatic disqualifications—restoring a prior practice not consistently applied in recent years.
4. Increased Transparency Into Investigative Files
 - SEC staff is instructed to be more forthcoming about investigative file contents (with standard limitations), reinforcing transparency in the investigative process.
5. Stricter Standards for Electronic Communications and Document Production
 - Significant updates on digital submissions, electronic communications retention, and more explicit expectations for timely production, with immediate effect.
6. Streamlined and Uniform Case Timelines
 - Investigative timetables have been standardized to reduce delays and align practices across regional offices as part of the SEC’s new annual review commitment.

Read the updated SEC Enforcement Manual [here](#).

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This Regulatory Update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This Regulatory Update is intended to provide general summarized guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.