

Regulatory Update

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CFTC Rescinds No-Deny Settlement Policy

On June 3, 2026, the Commodity Futures Trading Commission (CFTC) rescinded its long-standing “no-deny” settlement policy, which previously barred defendants from settling enforcement actions while publicly denying the agency’s allegations. The policy, in place for nearly 30 years and codified in Appendix A to Part 10, required settling parties to refrain from contradicting the Commission’s allegations. Its removal aligns the CFTC with most federal regulators and introduces greater flexibility in negotiating and finalizing enforcement settlements.

From a compliance perspective, the change is expected to streamline enforcement resolutions, conserve regulatory resources, and potentially expedite compensation to harmed investors. The CFTC emphasized that the rescission does not limit its discretion to require admissions where appropriate, but instead allows for more pragmatic, case-specific outcomes. The Commission also clarified that it will cease enforcing existing “no-deny” provisions in prior settlements, reflecting a shift toward a more efficient and balanced enforcement approach for CFTC enforcement actions.

Read the press release [here](#).

SEC Risk Alert on Investment Adviser Conflicts of Interest

On June 9, 2026, the SEC’s Division of Examinations issued a Risk Alert summarizing observations from examinations of registered investment advisers focused on economic conflicts of interest and related fiduciary obligations. The staff reiterated that advisers must either eliminate conflicts or provide full and fair disclosure sufficient for clients to provide informed consent, particularly where financial incentives may influence recommendations of products, services, custodians, account types, or fee arrangements. The alert underscores the Division’s continued focus on compensation structures, fee disclosures, investment adviser conflicts of interest, and the adequacy of policies and procedures designed to address conflicts.

From a compliance perspective, the SEC identified recurring deficiencies, including inadequate disclosure of revenue-sharing and cash management arrangements, conflicts tied to mutual fund share class selection, and inconsistencies between Form ADV disclosures, client agreements, and actual practices. The staff also noted weaknesses in fee billing processes and compliance programs that failed to effectively monitor and mitigate conflicts. The Risk Alert emphasizes the need for advisers to ensure disclosures accurately reflect existing conflicts, avoid conditional language where conflicts exist, maintain alignment across documents and practices, and implement robust controls to identify and manage economic conflicts of interest on an ongoing basis.

Read the risk alert [here](#).

CFTC Proposed Framework for Event Contracts

On June 10, 2026, the Commodity Futures Trading Commission (CFTC) issued a Notice of Proposed Rulemaking (NPRM) to amend Regulation 40.11 and establish a structured framework for evaluating event contracts traded on CFTC-registered markets. The proposal focuses on whether a contract qualifies as an “event contract,” whether it “involves” an enumerated activity, defined to include terrorism, assassination, war, gaming, or unlawful conduct, and, if so, whether the contract is contrary to the public interest. The NPRM introduces a formal three-step analytical process and a defined review procedure, including a Commission review period, to improve transparency and consistency in event contract oversight as the number and variety of these products continue to grow.

The proposal also provides additional clarity on key statutory terms, such as “involve” and “gaming,” and establishes a framework for applying public interest factors in determining whether certain contracts should be prohibited. Rather than imposing categorical prohibitions, the CFTC would evaluate contracts on a case-by-case basis, including those tied to sporting events and other real-world outcomes. The Commission has indicated that contracts involving activities such as terrorism, assassination, or war are more likely to be deemed contrary to the public interest, while other categories may be assessed based on specific facts and circumstances. Public comments on the proposal are due by July 27, 2026.

Read the notice [here](#).

NFA Updates Branch Office Supervision Requirements

On June 10, 2026, the National Futures Association (NFA) amended Interpretive Notice 9002 relating to branch office supervision requirements for NFA Members. The amendments provide additional flexibility in the supervision of branch offices by permitting branch office managers, under certain circumstances, to supervise more than one branch office and allowing firms to use remote supervisory arrangements. The changes are intended to modernize the supervisory framework while maintaining NFA’s existing expectations regarding effective oversight of branch office activities.

From a compliance perspective, firms should review their branch office supervision structures, written supervisory procedures, and related controls to ensure they remain reasonably designed to achieve effective supervision under the revised framework. Although the amendments provide greater operational flexibility, Members remain responsible for maintaining appropriate supervisory oversight and demonstrating that designated supervisory personnel have sufficient authority, resources, and knowledge to fulfill their supervisory responsibilities. Firms may also wish to assess whether the revised requirements create opportunities to enhance supervisory efficiency while continuing to meet NFA compliance obligations.

Read the notice [here](#).

CFTC Proposes Whistleblower Award Rule Amendments

On June 11, 2026, the Commodity Futures Trading Commission (CFTC) issued a Notice of Proposed Rulemaking (NPRM) to amend its whistleblower rules under Part 165 of the Commodity Exchange Act, focusing on the determination of whistleblower award amounts. The proposal introduces a presumption that whistleblower awards will be set at 30% of monetary sanctions for eligible awards of \$5 million or less, subject to the Commission's discretion and consideration of applicable statutory factors. This approach is modeled on a similar provision in the SEC's whistleblower framework and is intended to further harmonize the two agencies' programs.

In addition, the proposed amendments are designed to improve the efficiency, transparency, and predictability of the CFTC whistleblower award process and to enhance the overall effectiveness of the program in incentivizing individuals to report potential violations. The CFTC is also proposing technical updates to its rules, including revisions to reflect organizational changes within the Whistleblower Office. Public comments on the proposal are due within 30 days of publication in the Federal Register, with submissions to be made through Regulations.gov.

Read the notice [here](#).

SEC Proposes Rescission of Regulation NMS Rules 611 and 610(e)

On June 11, 2026, the Securities and Exchange Commission (SEC) issued a proposal to rescind Rules 611 and 610(e) of Regulation NMS, representing a significant potential shift in U.S. equity market structure. Rule 611, commonly known as the "Order Protection Rule," currently establishes the trade-through prohibition, requiring trading centers to prevent executions at prices inferior to protected quotations. Rule 610(e) restricts the ability of market participants to display locking or crossing quotations. The proposal would eliminate both rules, along with related definitions in Rule 600 and conforming provisions, as part of a broader effort to simplify the regulatory framework governing national market system (NMS) stocks.

According to the SEC, the proposed rescission is intended to address potential unintended consequences arising from these rules since their adoption, with a focus on reducing complexity and costs while allowing market competition and innovation to influence market structure. The Commission is seeking public comment on the proposal, including whether removing these requirements would improve market efficiency and execution quality. Comments are due within 60 days following publication in the Federal Register.

Read the press release [here](#).

NFA Revises Member Questionnaire Certification Requirements

On June 15, 2026, the National Futures Association (NFA) amended Compliance Rule 2-52 and the related Interpretive Notice 9082 governing Member Questionnaire requirements. The amendments revise who may review, sign, and submit the Member Questionnaire, which is required to be filed at least annually and updated promptly upon material changes to a Member's business operations. Previously, most firms were required to have the Questionnaire reviewed and submitted by an individual who was both a listed principal and a registered associated person (AP). The amended rule removes this requirement and instead permits a listed principal or another senior-level individual who is sufficiently knowledgeable about the firm's operations to complete and submit the filing.

The NFA indicated that the change is intended to better align the Questionnaire's certification requirement with the practical realities of firm operations, recognizing that the individuals most familiar with a firm's activities are not always registered APs. Conforming updates were made to Interpretive Notice 9082 to reflect this revised standard. All other core obligations under Rule 2-52 remain unchanged, including the requirement for annual filing, potential semi-annual submissions upon request, and prompt updates for material changes, which continue to support NFA's risk monitoring and oversight functions.

Read the notice [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.