United States regulatory updates Q1 2026

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- **FinCEN removed duplicative customer due diligence requirement**
    - On February 13, 2026, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") announced that covered financial institutions are exempt from the requirement to identify and verify the beneficial owners of a legal entity customer each time the customer opens a new account.
    - A covered financial institution is required to identify and verify the beneficial owners of a legal entity customer in the following circumstances:
        - when a legal entity customer first opens an account with the institution
        - when the institution has knowledge of facts that reasonably call into question the reliability of previously obtained beneficial ownership information
        - as otherwise required based on the institution's risk-based procedures for ongoing customer due diligence
- **SEC issued FAQs on Names Rule and proposed amendments to Form N-PORT**
    - On February 18, 2026, the U.S. Securities and Exchange Commission ("SEC") announced two policy developments affecting registered funds:
        - First, the SEC released new frequently asked questions ("FAQ") responses related to the SEC's recent adoption of amendments to rule 35d-1 (the "Names Rule") under the Investment Company Act of 1940 ("1940 Act"). The new FAQ responses provide clarity on the scope and application of the Names Rule, and some flexibility to fund sponsors
        - Secondly, the SEC announced that it is proposing amendments to Form N-PORT reporting requirements, specifically to:
            - Provide an additional 15 days to file the monthly reports
            - Reduce the publication of reports from monthly to quarterly
            - Narrow the scope of information reported on Form N-PORT about portfolio level risk metrics and returns, removing "Names Rule" reporting items and requiring additional disclosure about net assets and shareholder flows separately for ETF share classes
    - Additionally, the SEC extended the compliance dates for the Form N-PORT reporting requirements related to the "Names Rule" as follows:
        - November 17, 2027, for fund groups with net assets of $10 billion or more
        - May 18, 2028, for fund groups with less than $10 billion in net assets as of the end of their most recent fiscal year

- **SEC released Fund of Funds Rule FAQs**

    - On March 5, 2026, the SEC announced new FAQs related to the SEC's October 2020 amendments to rule 12d1-4 under the 1940 Act, also known as the "Fund of Funds Rule". Section 12(d)(1) sets forth a range of restrictions on the ability of registered funds or business development companies to invest in other investment companies and to sell their funds to other investment companies.

- **SEC proposed amendments to the small entity definitions for investment companies and investment advisers**

    - On January 7, 2026, the SEC proposed amendments to the rules that determine which registered investment companies, investment advisers, and business development companies qualify as small entities for purposes of the Regulatory Flexibility Act ("RFA"). The proposal seeks to raise the small entity thresholds for investment companies and advisers.

- **SEC adopted final rules for the Holding Foreign Insiders Accountable Act**

    - The Holding Foreign Insiders Accountable Act (the "HFIA Act") became effective on March 18, 2026 and will, for the first time, subject directors and officers of foreign private issuers ("FPIs") with a class of equity securities registered under Section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), to reporting obligations pursuant to Section 16(a) of the Exchange Act.

    - On February 27, 2026, the SEC adopted final rules and form amendments implementing the HFIA Act. On March 5, 2026, the SEC announced an exemption from reporting obligations under Section 16(a). The exemption applies to FPIs that are incorporated or organised in certain jurisdictions and subject to insider reporting regimes that the SEC has determined are substantially similar to Section 16(a) requirements, provided that certain other conditions are met.

- **SEC provided clarity on crypto asset laws**

    - On March 17, 2026, the SEC issued an interpretive release regarding the application of federal securities laws to certain types of crypto assets and transactions involving crypto assets.

- **FinCEN proposed rule to pay whistleblowers**

    - On March 30, 2026, FinCEN proposed to fully implement a whistleblower programme by establishing a framework for offering incentives and protections to encourage people to report tips on fraud-related violations of the Bank Secrecy Act, U.S. sanctions programmes, and other laws related to safeguarding the U.S. financial system and national security. Although FinCEN's whistleblower programme is codified by the Anti-Money Laundering Act (2020) and the Anti-Money Laundering Whistleblower Improvement Act (2022) and is currently accepting tips, the regulation proposed will fully implement these statutes.

    - On February 13, 2026, FinCEN launched a new dedicated webpage to accept whistleblower tips on fraud, money laundering, and sanctions violations.

- **FinCEN real estate reporting requirement vacated by federal court**

    - On March 19, 2026, the US District Court for the Eastern District of Texas (*Flowers Title Cos., LLC v. Bessent*) vacated FinCEN's final rule extending anti-money laundering requirements to persons involved in certain real estate closings and settlements ("Real Estate Reporting Rule"). As a result, reporting persons are no longer required to file real estate reports, but there is uncertainty as the government may appeal.

- **FTC reinstated former premerger filing requirements**

    - On March 19, 2026, the U.S. Court of Appeals for the Fifth Circuit denied the Federal Trade Commission's ("FTC") motion for a stay pending appeal in the litigation challenging the revised Hart-Scott-Rodino Act ("HSR Act") rules and notification form. As a result, the district court's judgment vacating the new form is now effective immediately. The expanded disclosure requirements for HSR filings that went into effect in 2025 are no longer required, and the pre-February 10, 2025 form and instructions have been reinstated. The HSR Act and related rules establish guidelines for when a proposed merger or acquisition must be reported to antitrust agencies.

- **FTC announced increases to HSR Act thresholds and filing fees**

    - On January 14, 2026, the FTC announced their annual revisions to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") premerger notification thresholds. The base size-of-transaction threshold increased from US$126.4 million to US$133.9 million. Acquisitions resulting in total holdings below this threshold will not be reportable. The FTC also released an updated Premerger Filing Fee schedule.