USA regulatory updates Q2 2026

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FinCEN proposed changes to AML/CFT program requirements

- On April 7, 2026, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") announced a proposed rule to reform how financial institutions design and are evaluated on their anti-money laundering and countering the financing of terrorism ("AML/CFT") programs under the Bank Secrecy Act ("BSA"). The aim is to ultimately reduce compliance burden by moving away from volume-based compliance, which measures success by the quantity of filings/procedures, toward effectiveness-based evaluation. The proposal distinguishes between deficiencies in program design versus implementation; reinforces that financial institutions are best positioned to assess their own risk; empowers financial institutions to devote more attention and resources toward higher risks instead of lower risks; and clarifies that examiners and auditors should not substitute their own judgment for a reasonably designed, risk-based program.

- This proposed revision to AML/CFT programs fully supersedes a prior proposed rule FinCEN published on July 3, 2024.

SEC and CFTC proposed amendments to reduce private fund reporting burdens

- On April 20, 2026, the Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC") jointly proposed amendments to reduce private fund reporting burdens. The agencies proposed to amend Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds, including those that also are registered with the CFTC as commodity pool operators or commodity trading advisors. The SEC and CFTC use the information collected on Form PF in their investor protection efforts.

- The proposed amendments would eliminate filing requirements for smaller advisers by raising the filing threshold from $150 million in private fund assets under management ("AUM") to $1 billion. Also, the exposure reporting threshold for "large" hedge fund advisers would be raised from $1.5 billion in hedge fund AUM to $10 billion.

Private funds/ investment advisers – qualified client thresholds increased

- The SEC's order approving an increase in the "qualified client" thresholds in Rule 205-3(d)(1)(i) and Rule 205-3(d)(1)(ii)(A) under the Advisers Act became effective on June 29, 2026. Thresholds for charging performance-based fees under the Advisers Act increased as follows:

    - AUM threshold increased from $1.1 million to $1.4 million.

- Net-worth threshold increased from $2.2 million to $2.7 million.
- Private fund subscription documents and transfer paperwork may require updates.

US Department of Labor proposed safe harbor to allow alternative assets in 401(k) plans

- The US Department of Labor ("DOL") announced a proposed rule to establish a safe harbor based on a prudence framework for the inclusion of certain investment alternatives, including alternative assets, in defined contribution plans. This would expand retirement plan investment options beyond traditional stocks and bonds to include alternative assets such as private equity, private credit, real estate, digital assets, and commodities. While 401(k) plans were not previously prohibited from offering these assets, concerns over fiduciary liability and litigation had limited their inclusion. The proposed rule establishes a safe harbor framework allowing 401(k) plans to include alternative assets while providing fiduciaries a presumption of prudence if they follow a structured evaluation process focused on six-factors, namely, performance, fees, liquidity, valuation, benchmarking, and complexity.

SEC expands co-investment relief to open-end funds

- On April 27, 2026, the SEC issued a no-action letter to J.P. Morgan ("JPM") Investment Management, Inc. granting relief with respect to both items included in their request letter: (1) to allow open-end registered investment companies to participate in co-investment transactions under JPM's co-investment exemptive order (the "JPM Order"), and (2) to allow business development companies ("BDCs") and registered fund boards to delegate the "Required Majority" approval standard required under the JPM Order to a committee of disinterested directors.
- The JPM Order permits BDCs and closed-end management investment companies (each, a "Regulated Fund") to participate in co-investment transactions with affiliated entities, which would otherwise be prohibited by the Investment Company Act of 1940.
- The J.P. Morgan No Action Letter also permits open-end fund participation in co-investment transactions under the updated FS Credit Opportunities Corp. template co-investment orders.

US Supreme Court decision could curb investor activism

- On June 11, 2026, the US Supreme Court released its decision in FS Credit Opportunities Corp. v. Saba Capital Master Fund, Ltd., holding that Section 47(b) of the Investment

Company Act of 1940 does not create a private right of action for parties to rescind contracts, including advisory contracts, that violate the Investment Company Act. The ruling is a victory for registered funds and their shareholders who are concerned about the threat of activist investors.

Treasury and FDIC proposed AML/CFT rules for stablecoin issuers

- On April 8, 2026, FinCEN and the Office of Foreign Assets Control (“OFAC”) announced a joint proposed rule to implement provisions of the Guiding and Establishing National Innovation for US Stablecoins Act (“GENIUS Act”), requiring that permitted payment stablecoin issuers (“PPSIs”), treated as financial institutions under the Bank Secrecy Act (“BSA”), be subject to AML/CFT program obligations, including suspicious activity reporting, appointment of compliance officers and regular independent testing.
- The Federal Deposit Insurance Corp. (“FDIC”) followed by proposing a similar rule to codify that stablecoin issuers under its supervision must comply with the BSA, anti-money laundering, and sanctions requirements.

FinCEN and US agencies proposed customer identification program requirements for stablecoin issuers

- On June 18, 2026, FinCEN, together with the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration issued a joint proposed rule to implement provisions of the GENIUS Act. Specifically, this proposed rule would require permitted payment stablecoin issuers to maintain an effective customer identification program.

FinCEN issued guidance on information sharing between financial institutions

- On June 12, 2026, FinCEN issued updated guidance to clarify how financial institutions can share information with each other about suspected fraud under section 314(b) of the USA PATRIOT Act.
- FinCEN’s updated guidance clarifies that a financial institution may share information about activity involving suspected fraud, money laundering, terrorist financing, or other specified unlawful activities. It may share that information with any other financial institution eligible to participate in the section 314(b) program to identify unlawful financial activity.

SEC proposed optional semi-annual reporting by public companies

- On May 5, 2026, the SEC proposed rule and form amendments that would give public companies the option of filing semi-annual reports instead of quarterly reports. Public companies, subject to Exchange Act Section 13(a) or 15(d), are currently required to file quarterly reports on Form 10-Q. The proposed amendments would allow these public companies to file semi-annual reports on new Form 10-S instead of quarterly reports on Form 10-Q. As a result, companies that elect to file semi-annual reports would file one semi-annual report and one annual report for each fiscal year instead of three quarterly reports and one annual report.

SEC proposed rescission of climate-related disclosure rules

- On May 29, 2026, the SEC proposed to rescind the climate disclosure rules in their entirety, stating reasons such as the rules exceed the scope of the agency's statutory authority, and focusing on returning the agency to its core mandate by restoring a materiality-focused approach to securities regulation.

NYSE ready to start tokenized securities pilot program

- On April 9, 2026, the New York Stock Exchange ("NYSE") submitted a notice to the SEC stating that it is ready to launch a pilot program trading tokenized securities. The NYSE urged the SEC to adopt rules and amendments to enable the trading of securities on the NYSE in tokenized form during a pilot program to be operated by the Depository Trust Company ("DTC") pursuant to the terms of a December 11, 2025 SEC staff no action letter.

SEC ends 'gag rule' policy for enforcement settlements

- On May 18, 2026, the SEC formally rescinded Rule 202.5(e), the agency policy that prohibited settling defendants from publicly denying the allegations underlying SEC enforcement actions.
- On June 3, 2026, the Commodity Futures Trading Commission ("CFTC") also rescinded its gag rule.

SEC sends electronic delivery proposal to White House

- The SEC may soon propose rules for providing electronic statements to investors. The initiative follows comments from SEC Chair Paul Atkins that changes to the opt-in model are "long overdue."

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