OPTIMA

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OPTIMA NEWSLETTER

TRUSTED EXPERTISE.
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2026

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Upcoming Regulatory Deadlines

- OCTOBER 9, 2026 | QUARTERLY FORM 13H

Upcoming Events

Optima Partners & Global Relay: Preparing for the Regulatory Year Ahead

NEW YORK CITY | SEPTEMBER 15, 2026 | 11:30 AM ET

Optima Partners is pleased to announce an upcoming in-person session co-hosted with Global Relay, focused on preparing firms for the SEC's new fiscal year. Jennifer Duggins, Partner at Optima Partners and former Assistant Director and Co-Head of the Private Funds Unit within the SEC's Division of Examinations, will be joined by Optima Partners Director Dave Fultz and Global Relay's Director of Regulatory Intelligence, Ryan Sheridan. The discussion will examine third-party and vendor risk, AI adoption and recordkeeping, and the areas likely to attract examiner attention in the year ahead. Attendees will gain practical, experience-led insight to help strengthen their compliance programs and prepare for evolving regulatory expectations. Registration and networking will begin at 11:30 AM, followed by the session at noon and lunch. Please reach out to an Optima team member for registration details.

Eversheds Sutherland & SBIA 23rd Annual BDC Roundtable

WASHINGTON, DC | SEPTEMBER 23-24, 2026 | LEARN MORE

Optima Partners is pleased to announce that we will be sponsoring the 23rd Annual BDC Roundtable, hosted by Eversheds Sutherland and the Small Business Investor Alliance. Attended by Shannon Horton, Partner, this leading two-day industry forum brings together BDC management teams, advisers, and other market participants to examine the evolving environment for alternative assets. The agenda will cover regulatory updates, market activity, and sector developments affecting business development companies, registered funds, and wealth products, while providing an opportunity for participants to exchange perspectives on emerging structures, SEC developments, and key operational considerations. Optima looks forward to engaging with industry peers and contributing to the discussion around the issues shaping the BDC market.

Upcoming Events

Third Annual Private Fund Managers Conference

BOSTON | SEPTEMBER 24, 2026 | 4:00–7:30 PM ET | LEARN MORE

Optima Partners is pleased to be partnering with Foley & Lardner LLP and Langham Hall for the Third Annual Private Fund Managers Conference. Bringing together leading allocators, fund managers, institutional investors, family offices, and industry professionals, the conference will offer practical insights into the regulatory, operational, and fundraising considerations shaping the private funds industry. The program will include a discussion on operational due diligence readiness and the controls expected of managers and service providers, followed by a 2026 SEC regulatory update featuring Optima Partners' Jennifer Duggins, former Assistant Director and Co-Head of the Private Funds Unit within the SEC's Division of Examinations, and Partner Adam Reback. The headline session will feature Mark Hourihan of Adams Street Partners and Rob Nagle of HighVista Strategies, who will share candid perspectives on how institutional allocators evaluate managers, build investment conviction, and make capital commitment decisions. The conference will conclude with a networking reception, providing attendees with an opportunity to connect with allocators, peers, and service providers across the private funds community. Advance registration is required.

IAA 2026 Policy & Leadership Forum

WASHINGTON, DC | SEPTEMBER 28–30, 2026 | LEARN MORE

Optima Partners is pleased to announce that we will be sponsoring the Investment Adviser Association's 2026 Policy & Leadership Forum, with Partners Jennifer Duggins and Adam Reback attending on behalf of the firm. The three-day program brings together senior executives from investment advisory firms for a wide-ranging agenda spanning business strategy, leadership, public policy, AI, and operational transformation. The forum will also feature peer-led breakout discussions tailored by firm size and conclude with Adviser Advocacy Day, when participants will meet with lawmakers on Capitol Hill to discuss the policy issues affecting advisers and their clients. Optima looks forward to connecting with industry leaders and exchanging practical perspectives on the regulatory, strategic, and operational forces shaping the investment adviser community.

Regulatory Updates

CFTC Proposes CPO And CTA Registration Exemptions For Certain SEC-Registered Investment Advisers

SOURCE | CFTC | READ MORE

On August 18, 2026, the CFTC issued a notice of proposed rulemaking to establish CPO and CTA registration exemptions for certain SEC-registered investment advisers and to increase the capital-contribution threshold for the small-pool exemption. SEC-registered advisers operating commodity pools or providing commodity-interest advice should assess whether their sophisticated-investor vehicles could meet the proposed conditions, while recognizing that no current relief is available.

SEC Ends Rule 14a-8 No-Action Responses

SOURCE | SEC | READ MORE

On August 14, 2026, the SEC's Division of Corporation Finance announced that it will no longer respond to Exchange Act Rule 14a-8 no-action requests or issue non-objection letters regarding omitted shareholder proposals. Companies must continue to submit Rule 14a-8(j) notices through the SEC's online Shareholder Proposal Form, while investment companies must send related notices and correspondence to the Division of Investment Management. The change is particularly relevant to registered funds and their advisers because exclusion decisions will now require greater issuer-level legal, litigation and proxy-risk assessment without staff assurance.

FCA Fines and Bans Blue Horizon Senior Managers Over Misleading Ownership Claims

SOURCE | FCA | READ MORE

The FCA has fined and prohibited two former senior managers of Blue Horizon Asset Management after finding that they were involved in misleading statements and documents concerning ownership of a €200 million bond portfolio. Paul Taylor falsely presented the portfolio as his own when pursuing acquisitions of a UK bank and Reading Football Club, while Esmerelda Toni altered documents and signatures to support that claim. The FCA concluded that their conduct breached integrity standards under FCA Code of Conduct (“COCON”) and demonstrated a lack of honesty, integrity and reputation under the Fit and Proper Test for Employees and Senior Personnel (“FIT”). Taylor was fined £489,000 and Toni £121,200, with both prohibited from performing functions in relation to regulated activities.

Regulatory Updates

FCA Publishes 2026 Wealth Management Survey Findings

SOURCE | FCA | READ MORE

The FCA has published findings from its latest wealth management survey, covering around 400 firms and focusing on discretionary investment management. Firms supervised within the wealth management portfolio support more than 5.5 million retail clients and manage almost £1 trillion of assets. Portfolio management clients have grown to 1.3 million, up 20% since 2022. The retail client market for discretionary management has become more concentrated. The 10 largest firms by assets under management have remained broadly stable, while the 10 largest firms by client numbers now serve 89% of clients, up 19% since the FCA's first survey in 2022. The review also highlights growing use of AI, widespread outsourcing and continued consolidation across the sector, while also identifying weaknesses in financial crime controls, including gaps in sanctions and PEP screening. The FCA also notes that firms planning significant growth or acquisitions must ensure governance, oversight and controls keep pace with expansion.

FCA Bans Senior Manager for Lack of Honesty and Integrity

SOURCE | FCA | READ MORE

The FCA has banned Howard Duckett, formerly SMF3 and SMF16 at Beauforce Corporation Ltd, after concluding that he lacked the honesty, integrity and reputation required under FIT. Mr. Duckett had been disqualified from acting as a company director after the High Court found that he repeatedly lied and relied on fabricated evidence in proceedings concerning an unregulated company, but he failed to notify the FCA of that disqualification. The FCA has withdrawn his senior management approvals and prohibited him from performing any function in relation to regulated activities.

FCA Fines and Bans Former SVS Securities CEO

SOURCE | FCA | READ MORE

The FCA fined and prohibited the former SVS Securities ("SVS") CEO after finding that he did not exercise due skill, care and diligence in managing the firm's discretionary fund management business. The FCA identified failures to challenge investments in high-risk products where SVS received substantial payments from issuers, as well as a 10% reduction applied when customers sold bond investments. The case demonstrates that senior managers may face enforcement where they fail to identify, challenge or stop arrangements that disadvantage clients, even if they did not directly make the underlying decision. Individual exposure may continue after the firm has entered insolvency or been dissolved.

Regulatory Updates

Bank of England and FCA Set Out Joint Approach to Systemic Stablecoins

SOURCE | BOE | READ MORE

The Bank of England and the FCA have set out how they will jointly regulate systemic stablecoin issuers under the UK's developing crypto asset framework. The FCA will regulate all UK-issued qualifying stablecoins, while issuers recognized as systemic by HM Treasury will also fall under Bank of England supervision, with the Bank focusing on financial stability and prudential risks. The framework explains how responsibilities will be divided, how FCA and Bank rules will interact and how firms will transition from FCA-only regulation to joint supervision where they become systemic. The FCA regime for qualifying stablecoin issuance is due to apply from 25 October 2027.

Hong Kong SFC Revokes Ernest Chan Tsz Kin's License and Bans Him for 10 Years

SOURCE | SFC | READ MORE

On August 24, 2026, the SFC revoked the license of Ernest Chan Tsz Kin, former Responsible Officer of Keptain Securities and Asset Management Limited, and banned him from the industry for 10 years for window dressing the firm's financial resources. The SFC found that Chan caused Keptain to include dishonored cheques in its liquid capital calculations, creating the false appearance that the firm complied with regulatory capital requirements. Without those cheques, Keptain would have fallen below required liquid capital levels across multiple reporting periods. The SFC concluded that Chan's intentional conduct called into serious question his honesty, integrity and fitness to remain licensed.

Regulatory Updates

Hong Kong SFC Welcomes NFRA's Announcement for Supporting Mainland Insurers to Invest in Hong Kong ETFs Under Stock Connect

SOURCE | SFC | READ MORE

On August 18, 2026, the SFC welcomed the National Financial Regulatory Administration's (NFRA) announcement supporting Mainland insurance funds' participation in Mainland-Hong Kong mutual market access schemes and investment in Hong Kong ETFs under Stock Connect. The policy will provide Mainland insurers with additional offshore asset-allocation options through Hong Kong and further deepen financial connectivity between the Mainland and Hong Kong. Currently, 31 Hong Kong ETFs are eligible for southbound trading under Stock Connect, with a total market capitalization of HK$343.6 billion as of July 31, 2026. Between January and July 2026, total southbound turnover in these ETFs increased by 59% year-on-year to HK$780.7 billion, representing approximately 7% of their total turnover.

Enforcement Actions

SEC Charges 38 Entities Over False Exempt Reporting Adviser Filings

SOURCE | SEC | READ MORE

On August 27, 2026, the SEC brought civil actions against 38 entities alleging that they filed false or unsubstantiated Forms ADV to portray themselves as legitimate U.S. exempt reporting advisers ("ERAs") and attract retail investors. The SEC alleges that the filings included fictitious addresses, false contact details, replicated ownership and financial information, and unsupported fund-audit claims. Registered investment advisers and ERAs should verify the accuracy of Form ADV and investor-facing representations and strengthen controls to identify impersonation or misleading claims about SEC registration status.

Enforcement Actions

SEC Files Settled Action Against Start-Up Artificial Intelligence Company and Former CEO

SOURCE | SEC | READ MORE

On August 26, 2026, the SEC filed settled charges against GenesisAI Corp., an artificial intelligence start-up company formerly based in Miami, Florida, and its founder and former CEO, Archil Cheishvili, for alleged misrepresentations concerning the company's projected revenue, valuation, and customer demand. The SEC alleges that GenesisAI and Cheishvili raised more than $5.3 million from over 4,000 investors through Regulation Crowdfunding and Regulation A offerings while making unsupported revenue projections reaching as high as $250 million by 2024 and valuations exceeding $200 million. The SEC further alleges that the company's marketplace was never commercially viable, its valuations were based on Cheishvili's subjective estimates, its purported partnerships were not enforceable, and no actual customer waitlist existed.

SEC Charges Former Director of Financial Planning with Insider Trading in Advance of Employer's Earnings Releases

SOURCE | SEC | READ MORE

On August 20, 2026, the SEC charged Jesse R. Mitchell, formerly the Senior Director of Financial Planning and Analysis at digital advertising company, The Trade Desk, Inc. ("TTD"), with insider trading based on material nonpublic information he obtained through advance receipt of TTD's earnings releases. The SEC alleges that Mitchell purchased 3,850 shares ahead of positive second-quarter 2024 earnings results, earning nearly $20,000, and later purchased out-of-the-money put options ahead of TTD's first-ever revenue guidance miss, generating more than $318,000 after the company's share price fell over 30%. The alleged trades also violated TTD's employee trading blackout periods and, in the latter instance, its prohibition on employees trading TTD options. This case illustrates that the SEC's threshold for seeking damages can be low, and even small trades can result in insider trading liability.

Enforcement Actions

SEC Charges Former Executives With Fraud in Connection With $1.9 Billion Collapse of Subprime Auto Lender Tricolor

SOURCE | SEC | READ MORE

On August 18, 2026, the SEC charged Daniel Chu, Jerome Kollar, and Ameryn Seibold, the former CEO, CFO, and Senior Director of Finance, respectively, at Texas-based Tricolor Holdings, LLC, for their roles in an alleged multi-year scheme to defraud investors by double pledging hundreds of millions of dollars of subprime auto loans to multiple ABS offerings and lenders. The SEC alleges that Tricolor raised more than $1.9 billion through ABS offerings while making false and misleading representations about its financial health and liquidity. The defendants also allegedly misrepresented that loans included in ABS collateral pools were free of other liens and manipulated loan metrics to make non-paying or defaulted loans appear current and eligible for securitization. More than $945 million of principal associated with the ABS offerings remained outstanding at the time of Tricolor's September 2025 bankruptcy.

Crypto Corner

Treasury Proposes Rules Implementing the GENIUS Act Stablecoin Framework

SOURCE | U.S. TREASURY | READ MORE

On August 17, 2026, Treasury issued a proposed rule implementing key provisions of the GENIUS Act governing payment stablecoins in the United States. The proposal would clarify when an entity is considered to be issuing a payment stablecoin "in the United States," which would determine when an issuer must obtain an appropriate federal or state license. It also addresses when digital asset service providers may offer or sell U.S. and foreign-issued stablecoins to American customers, including requirements for foreign issuers. The proposal is a major step toward implementing the federal stablecoin regime ahead of the GENIUS Act's expected January 18, 2027 effective date.

Crypto Corner

SEC Proposes New "Regulation Crypto Assets" Framework

SOURCE | SEC | READ MORE

On August 18, 2026, the SEC proposed "Regulation Crypto Assets," a new framework designed specifically for certain investment contracts involving crypto assets. The proposal would establish tailored exemptions allowing eligible crypto projects to raise capital while providing investors with principles-based disclosures, financial information, and other protections. It also proposes a conditional safe harbor from the definition of an "investment contract," potentially providing clearer rules for when a crypto asset is no longer subject to federal securities laws. The proposal builds on the SEC's March crypto interpretation and represents one of its most significant efforts to replace regulatory uncertainty with a formal pathway for U.S. crypto offerings.

OCC Says Digital Assets Are Driving Surge in New Bank Charter Applications

SOURCE | OCC | READ MORE

On August 19, 2026, Comptroller Jonathan Gould discussed the OCC's growing role in overseeing banks engaged in digital asset activities and implementing the GENIUS Act. Gould revealed that 23 of the 40 new bank charter applications received since the beginning of the current administration involve some form of digital asset activity. He emphasized that the OCC intends to provide a regulatory pathway for both traditional banks entering crypto markets and digital asset companies seeking federal banking charters. The remarks highlight how crypto firms are increasingly moving toward direct integration with the regulated U.S. banking system rather than operating entirely outside it.

Crypto Corner

CFTC Innovation Committee Puts Crypto Regulatory Framework in the Spotlight

SOURCE | CFTC| READ MORE

On August 20, 2026, the CFTC held the inaugural meeting of its Innovation Advisory Committee, with an entire session devoted to "Crypto's Regulatory Evolution: From Uncertainty to Clarity." Participants examined the history of crypto regulation, the patchwork of state licensing requirements, and the absence of comprehensive federal market-structure legislation. The Committee also considered how Congress and regulators can establish clearer rules while supporting innovation and discussed the intersection between crypto, artificial intelligence, and autonomous financial systems. Chairman Selig emphasized that the CFTC intends to play a central role in shaping the next generation of regulated digital asset markets.

SEC Sends Crypto Custody Rule Changes to White House for Review

SOURCE | SEC | READ MORE

On August 25, 2026, proposed SEC amendments to its custody rules were submitted to the White House Office of Information and Regulatory Affairs ("OIRA") for review, marking an important step toward formal rulemaking. The proposal is intended to modernize custody requirements for investment advisers and investment companies, including specifically addressing how firms can safeguard crypto assets while complying with federal securities laws. The SEC has acknowledged that advisers and investment companies have faced uncertainty around applying existing custody requirements to digital assets and says the amendments would clarify that framework while removing outdated regulatory burdens. The proposal is currently classified as economically significant, and the SEC's regulatory agenda anticipates a formal proposed rule later in 2026.

Leadership & Development

AI Governance Isn't Enough: Leaders Must Know Where Control Lives

GERALD J LEONARD | FORBES | READ MORE

A company can have an AI policy, a risk committee, a named human owner, an escalation process, and a requirement for human review, and still lack meaningful control over an AI-influenced decision. Consider a common pattern. An AI system recommends an action. A manager reviews the recommendation and approves it. An automated workflow executes the decision, sends information to another system, and triggers the next steps. But suppose the manager never sees the model's uncertainty. Approval triggers more downstream activity than the manager realizes. Control can weaken significantly at "handoffs" between AI systems, human reviewers, and automated workflows, where crucial information or authority may be lost. The escalation process operates more slowly than the automated workflow. Or the only people who can actually stop the process sit on a technology team far removed from the person formally accountable for the decision. The problem is not necessarily missing governance. It may be the gap between formal governance and operational control. Simply implementing a "human-in-the-loop" isn't sufficient; the human's specific function, information access, and timing for intervention are critical.

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