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Notable Developments:

SEC Extends Compliance Dates for Mandatory Clearing of Cash Market and Repo Transactions in U.S. Treasury Securities

On February 25, 2025, the SEC [announced extension](#) of the compliance dates by one year for Treasury securities covered clearing agencies to implement rules that will require their direct participants to submit for clearing all eligible secondary market transactions of cash market and repo transactions in U.S. Treasury securities as required by Rule 17ad-

22(e)(18)(iv)(A) and (B). The new compliance date for mandatory clearing of cash market Treasury securities transactions is December 31, 2026 and the new compliance date for mandatory clearing of repo transactions in Treasury securities is June 30, 2027. The SEC also issued a [temporary exemption](#) with respect to Rule 17ad-22(e)(6)(i) regarding implementation of policies and procedures to calculate, collect and hold margin from a direct participant for its proprietary positions separately and independently from margin calculated and collected from that direct participant in connection with Treasury securities transactions by an indirect participant. The temporary exemption would allow a U.S. Treasury securities covered clearing agency to implement the required policies and procedures regarding separate calculation and collection of house margin from customer margin by September 30, 2025, instead of March 31, 2025.

SEC Corporation Finance Division Staff Declares Meme Coins Not Securities

On February 27, 2025, the staff in the SEC's Corporation Finance Division issued a [statement](#) to clarify that meme coins are not securities. Staff is of the view that meme coins are akin to collectibles and that transactions in meme coins do not involve the offer and sale of securities under the federal securities laws. As such, persons who participate in the offer and sale of meme coins do not need to register their transactions with the SEC or ensure an available exemption from registration. Therefore, neither meme coin purchasers nor holders are protected by the federal securities laws.

Regarding whether a meme coin may be offered and sold as part of an investment contract under *SEC v. W.J. Howey Co.*, the staff does not think the Howey test can be met by offers and sales of meme coins. Staff states that, because the value of meme coins is derived from speculative trading and the collective sentiment of the market, like a collectible, the offer and sale of meme coins does not involve an investment in an enterprise nor is it undertaken with a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others.

SEC Acting Chair Outlines New Regulatory Focus

On February 24, 2025, the Acting SEC Chair Mark Uyeda outlined his new focus for the agency in a [speech](#) given at the Florida Bar's conference. The top focus on his list includes improving capital raising opportunities for entrepreneurs via targeted regulatory changes to the exempt offerings regime (including Regulation CF), empowering retain investment in private companies, making IPOs attractive again, and scaling public company disclosure requirements.

President Signs Executive Order to Exert Supervision and Control Over Independent Regulatory Agencies

On February 18, 2025, President Trump signed an [Executive Order](#) ("EO") requiring all departments and agencies, including independent agencies to submit for review all proposed and final significant regulatory actions to the Office of Information and Regulatory Affairs within the Office of Management and Budget (OMB) before publication in the Federal Register, in order to ensure Presidential supervision and control of the entire executive branch. The only exception from the President's control and supervision of the entire executive branch is the Federal Reserve and the Federal Open Market Committee's conduct of monetary policy.

The EO authorizes the Director of the OMB to:

- provide guidance on implementation of the EO to the heads of executive departments and agencies;
- establish performance standards and management objectives for independent agency heads and report periodically to the President on their performance and efficiency in attaining such standards and objectives;
- review independent regulatory agencies' obligations for consistency with the President's policies and priorities; and consult with independent regulatory agency chairmen and adjust such agencies' apportionments by activity, function, project, or object to advance the President's policies and priorities; such adjustments to apportionments may prohibit independent agencies from expending appropriations on particular activities, functions, projects or objects.

The EO also requires the heads of independent regulatory agencies to (1) regularly consult with and coordinate policies and priorities with the directors of OMB, the White House Domestic Policy Council, and the White House National Economic Council; (2) establish a position of White House Liaison in their respective agencies; and (3) submit agency strategic plans developed pursuant to the Government Performance and Results Act of 1993 to the Director of OMB for clearance prior to finalization.

In addition, the EO provides that, the President and the Attorney General's opinions on questions of law are controlling on all employees in the conduct of their official duties. No executive branch employee in their official capacity may advance an interpretation of the law as the position of the United States that contravenes the President or the Attorney General's opinion on a matter of law, including but not limited to the issuance of regulations, guidance, and positions advanced in litigation, unless authorized to do so by the President or in writing by the Attorney General.

President Signs DOGE Deregulatory Initiative Executive Order

On February 19, 2025, President Trump signed an [Executive Order](#) (EO) to instruct the administrative agency heads, in coordination with their DOGE Team Leads and the Director of the Office of Management and Budget, to review and identify regulations that are considered unlawful or undermining the national interest, including regulations that are considered beyond the statutory authority, imposing significant costs, impeding technological innovation, or unduly burdening small business and impeding private enterprise and entrepreneurship. The EO also requires the agencies to de-prioritizing actions to enforce regulations based on anything other than the best reading of a statute and de-prioritize actions to enforce regulations that go beyond the powers vested in the Federal Government by the Constitution.

SEC creates new Cyber and Emerging Technologies Unit to Combat Cyber-Related Misconduct

On February 20, 2025, the SEC [announced](#) the creation of the Cyber and Emerging Technologies Unit (CETU) to focus on combatting cyber-related misconduct in the emerging technologies space. The CETU replaces the former Crypto Assets and Cyber Unit and is comprised of approximately 30 fraud specialists and attorneys across multiple SEC offices.

SEC Enforcement:

SEC Announces Dismissal of Enforcement Case Against Coinbase

On February 27, 2025, SEC [announced](#) that it has filed a joint [stipulation](#) with Coinbase Inc. and Coinbase Global Inc. to dismiss the civil enforcement action against them. Last week, on February 21, 2025, Coinbase had announced on its [website](#) that the SEC staff has agreed to dismiss its enforcement case against Coinbase, subject to the Commission's approval. In its [8-K filing](#) on February 21, 2025, Coinbase also reported that it and the SEC staff have reached an agreement in principle to jointly stipulate to the dismissal of the SEC's lawsuit with prejudice, subject to the Commission's approval.

Robinhood Says SEC Closes Its Investigation Without Intention of Bringing Enforcement Case

On February 24, 2025, Robinhood [posted](#) on its website that it received a letter from the SEC's Division of Enforcement stating that the SEC had concluded its investigation and did not intend to move forward with an enforcement action. Robinhood previously disclosed in its Form [8-K filing](#) that it had received a Wells Notice from the SEC staff on May 4, 2024.

SEC Moves to Dismiss the Appeal of Court Decision to Vacate Dealer Rule

On February 19, 2025, the SEC [filed a motion](#) in the U.S. Court of Appeals for the Fifth Circuit to voluntarily dismiss its appeal of the court's decision to vacate the so-called dealer rule

that would amend the definition of “dealer” and “government securities dealer” in the Securities Exchange Act of 1934.

In Case You Missed It:

NYSE Arca files Proposed Rule Change to Amend the Grayscale Ethereum ETF to Permit Staking of the Ether

On February 25, 2025, the SEC published a [notice](#) of filing of a proposed rule change by NYSE Arca, Inc. filed on February 14, 2025 to amend the Grayscale Ethereum Trust ETF and Grayscale Ethereum Mini Trust ETF, shares of which have been approved by the SEC on May 23, 2024 and July 17, 2024, respectively, to list and trade on NYSE Arca pursuant to Rule 8.201-E (governing the listing and trading of Commodity-Based Trust Shares), to permit staking of the ether held by the Trusts.

House Passes "Midnight Rules Relief" Act

On February 12, 2025, the US House of Representatives [passed](#) a bill to allow "Congress to disapprove multiple regulations under one joint resolution of disapproval if the regulations were submitted for review during a portion of the final year of a President's term."

Although Financial Services Committee Chair French Hill singled out the CFPB, every rulemaking body of the federal government is subject to the bill.

Merrill Lynch Settles FINRA Charges for Securities Trading Violations

On February 20, 2025, Merrill Lynch, Pierce, Fenner & Smith Incorporated [settled](#) FINRA charges for accepting market orders for newly issued shares "prior to the commencement of trading of such shares in the secondary market."

According to FINRA’s letter of acceptance, waiver and consent, Merrill Lynch improperly accepted market orders for the purchase of equity new issues in the secondary market. According to FINRA, Merrill Lynch’s representatives were able to accept material terms of market orders "without reasonable controls to reject any orders that were accepted prior to the commencement of secondary market trading."

DOGE Calls for Public Comment Concerning SEC

On February 17, 2025, the Department of Government Efficiency released a post on X [asking](#) the public to direct message "insights on finding and fixing waste, fraud and abuse relating to the Securities and Exchange Commission." It has been [reported](#) that DOGE expected to arrive at the SEC in the coming days.

President Trump Nominates Brian Quintenz for CFTC Chair

On February 11, 2025, President Donald Trump nominated Brian Quintenz to be the next Chair of the CFTC for a term expiring April 13, 2029. Mr. Quintenz previously served as CFTC Commissioner between 2017 and 2021.