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**Notable Developments:**

**President Trump Signs Joint Resolution Striking Down IRS "Broker Rule" on Digital Assets**

On April 10, 2025, President Trump [signed](#) into law a Congressional Review Act Resolution, [H.J. Res 25](#), titled *Gross Proceeds Reporting by Brokers That Regularly Provide Services Effectuating Digital Asset Sales*, to strike down an IRS rule requiring "persons effectuating decentralized financial (DeFi) transactions to report [gross proceeds] information regarding digital asset sales."

In a [Fact Sheet](#) that accompanied the Resolution, the rationale given for removing the rule was that "unlike securities brokers or centralized brokers of custodial digital assets – which operate more like banks – DeFi Brokers are decentralized, [and] do not collect [proceeds

information and other required data] from users ... and are not the same as traditional securities brokers.”

### **New SEC Chair Says Firm Regulatory Foundation for Digital Assets is Top Priority**

On April 21, 2025, Paul S. Atkins was sworn in as SEC Chair. During his speech in the oval office after being sworn-in, Chair Atkins [stated](#) one of his top priorities "will be to provide a firm regulatory foundation for digital assets through rational, coherent, and principled approach." When asked on his sense of how the CFTC and SEC will differ on crypto regulations, Mr. Atkins said he hopes they will not as there is no reason the two agencies cannot work "cheek by jowl." He said he will work closely with CFTC Chair-nominee Brian Quintenz.

### **Bank Regulators Withdraw Prior Guidance on Digital Assets**

On April 24, 2025, the Fed Reserve Board (“Fed Board”) [announced](#) the withdrawal of a [2022 Supervisory Letter](#) in which it advised all supervised banking organizations to take the following steps before engaging in cryptocurrency-related activities: (i) confirming legal permissibility under federal and state laws; (ii) filing necessary documents; (iii) establishing robust systems, risk management and controls; and (iv) notifying their lead Federal Reserve supervisory contact in advance. Institutions already involved in crypto activities were urged to notify the Federal Reserve as soon as possible. In an accompanying release on the withdrawal of the guidance, the Fed Board [stated](#) it "will no longer expect banks to provide notification and will instead monitor banks' crypto-asset activities through the normal supervisory process."

Concurrently, the Fed Board also rescinded the [2023 guidance](#) to banking organizations on (i) supervision over "novel activities" and (ii) the process for state member banks to follow before engaging with dollar token or stablecoin activity.

In addition, the Fed Board, together with the FDIC, is joining the Office of the Comptroller of the Currency in withdrawing from two 2023 statements jointly issued by the federal bank regulatory agencies on [January 3, 2023](#) and [February 23, 2023](#), addressed crypto-asset risks and liquidity risks to banking organizations resulting from crypto-asset market vulnerabilities. The Fed Board will work with the agencies to consider whether additional guidance to support innovation, including crypto-asset activities, is appropriate.

### **SEC Extends Effective Date and Compliance Date for Amendments to Form N-PORT Reporting Requirements**

On April 16, 2025, the SEC [announced](#) a two-year [extension](#) of the effective and compliance dates for Form N-PORT [amendments adopted in August 2024](#) that require many types of

registered funds to more frequently report portfolio-related information to the Commission and the public on Form N-PORT. The compliance date for larger fund groups is extended from Nov. 17, 2025, to Nov. 17, 2027, and the compliance date for smaller fund groups is extended from May 18, 2026, to May 18, 2028. The extension is designed to provide time for the SEC to potentially amend the rules to comply with the requirements of a [Memorandum](#) issued by President Trump on January 20, 2025 (“Presidential Memorandum”) regarding regulatory freeze.

By way of background, following adoption of the Form N-PORT amendments, Registered Funds Association filed a petition in the Fifth Circuit Court of Appeals seeking review of the final amendments to Form N-PORT. After the change of the Administration and the issuance of the Presidential Memorandum on January 20, 2025, the SEC filed an [unopposed motion](#) to hold the Fifth Circuit case in abeyance while the SEC reviews the final amendments in accordance with the Presidential Memorandum. On February 11, 2025, the Fifth Circuit Court of Appeals granted the SEC’s motion to stay the proceedings while the SEC reviews the final amendments. Separate from these proceedings, the SEC also has received a [request](#) to further amend Form N-PORT. In light of these developments, the SEC is delaying the effective and compliance dates of the amendments to Form N-PORT to provide time to complete its review in accordance with the Presidential Memorandum and take any further appropriate actions, which may include proposed amendments to Form N-PORT.

### **SEC Enforcement:**

#### **SEC Charges PGI Global Founder with \$198 Million Crypto Asset and Foreign Exchange Fraud Scheme**

On April 22, 2025, the SEC [charged](#) Ramil Palafox with violating the anti-fraud and registration provisions of the federal securities laws. According to the SEC’s [complaint](#), Palafox’s company, PGI Global, claimed to be a crypto asset and foreign exchange trading company that offered and sold PGI Global “membership” packages, which were advertised as guaranteeing investors high returns from PGI Global’s crypto asset and foreign exchange trading. According to the complaint, PGI Global also offered members multi-level-marketing-like referral incentives to encourage the recruitment of new investors. However, as the complaint alleges, Palafox misappropriated more than \$57 million in investor funds for personal expenses, and used the majority of the remaining investor funds to pay other investors their purported returns.

The complaint also names BBMR Threshold LLC, Darvie Mendoza, Marissa Mendoza Palafox, and Linda Ventura as relief defendants.

### **In Case You Missed It:**

## **Federal Reserve Proposes to Amend Stress Capital Buffer Requirement**

On April 17, 2025, the Federal Reserve Board ("Fed Board") [proposed](#) new rules amending the calculation of the stress capital buffer requirement.

The new rules would (i) average the results of the supervisory stress test over two years to reduce volatility in the stress capital buffer requirement and (ii) modify and add elements to required data collection reports to improve accuracy of stress capital calculations and to eliminate items "no longer needed to conduct the supervisory stress test."

The Fed Board stated that these changes "are not designed to materially affect overall capital requirements." The Fed Board also proposed to extend the effective date of those requirements from October 1 to January 1, giving firms three additional months to comply.

The Fed Board uses stress testing to assess whether covered financial institutions have sufficient capital to absorb potential losses and continue lending under a set of hypothetical severely adverse conditions. According to the Fed Board, the current rules, prior to the new rulemaking, can vary materially due to "changes in (1) firms' balance sheet size and risk or projected income and expenses, (2) economic conditions since the previous stress test, (3) the severely adverse scenario used in the supervisory stress test, and (4) the supervisory models used in the supervisory stress test."

Fed Governor Michael S. Barr [opposed](#) the proposed changes, arguing that the proposal would weaken the financial system's resilience in a downturn as banks can, among other things, challenge capital-raising elements while ignoring underpriced risks and game outcomes by reshaping balance sheets.

## **FINRA Requests Comment on Modernizing FINRA Rules, Guidance, and Processes for the Organization and Operation of Member Workplaces**

On April 14, 2025, FINRA published [Regulatory Notice 25-07](#), seeking comment on how FINRA can further evolve its rules, guidance and processes to reflect modern business practices and markets; support innovation and new technologies; promote efficiency; and eliminate unnecessary regulatory burdens. The notice is part of FINRA's broad rule modernization review, previously reported [here](#).

## **FINRA Fines JPMorgan Securities LLC for Trading Notification Violations**

On April 14, 2025, JPMorgan Securities LLC [settled](#) FINRA charges for reporting failures related to restricted period notifications on securities distributions.

According to the letter of acceptance, waiver and consent, JPMorgan submitted 64 restricted period notifications that were between one and seven days late and 75 that were

inaccurate. According to FINRA, among other violations, JPMorgan did not identify all the distribution participants, failed to confirm FINRA membership status, and omitted or incorrectly listed Central Registration Depository numbers.

As a result, FINRA determined the firm violated Rules 5190, 3110 and 2010.