

Securities Investigations and Enforcement Newsletter — October 2025

WRITTEN BY

Jay A. Dubow | Ghillaine A. Reid | Akshay N. Belani | Domenic Cervoni | Joanna J. Cline | Seth M. Erickson | John P. Falco | John M. Ford | Genna Garver | Rakesh Gopalan | Douglas D. Herrmann | J. Timothy Mast | Ethan G. Ostroff | Megan Conway Rahman | Michael A. Schwartz | Casselle A.E. Smith | Peter N. Villar | Mary Weeks | John S. West | Brian M. Nichilo | Bianca DiBella | Joshua Eastwood | Theodore D. Edwards | Sophia Harmelin | Isabela P. Herlihy | Chloe Ann C. Lee | Milica Krnjaja | Jessica McClellan | Jaycee E. Parker | Taylor M. Williams | Alexander T. Yarbrough

Troutman Pepper Locke's Securities Investigations + Enforcement Practice

Troutman Pepper Locke's Securities Investigations and Enforcement team counsels and defends clients through all stages of securities enforcement proceedings. Our attorneys have served in key government agencies and regulatory bodies, and bring their insight to bear in each representation. The team includes a former branch chief of the Division of Enforcement at the SEC, former enforcement lawyers, regulators and government attorneys, assistant United States Attorneys and former assistant attorneys general, as well as in-house counsel for public companies. Our lawyers and practice have been identified as leaders in the field by publications such as the *Legal 500*, *SuperLawyers*, *Benchmark Litigation*, and *Chambers USA*.

In the Spotlight

Team Member Spotlight: Megan Rahman

Megan Rahman, a partner in our Richmond office, offers strategic guidance to clients facing regulatory investigations and complex federal civil and criminal litigation. Her practice includes cases involving securities fraud, insider trading, and accounting issues. Megan also advises on compliance with the Foreign Corrupt Practices Act and the False Claims Act, assisting clients in achieving their legal and strategic goals. Her work covers U.S. national security matters, such as CFIUS notifications, and she conducts educational programs to keep in-house counsel informed on regulatory compliance.

Recently, Megan was part of a team that guided a client through a complex legal situation involving both a criminal investigation by the Department of Justice and a civil investigation by the Securities and Exchange Commission, focusing on allegations of insider trading.

For Megan's full bio, click [here](#).

Jay Dubow Appointed Co-Chair of ABA's Business and Corporate Litigation Committee

Troutman Pepper Locke is proud to announce that [Jay Dubow](#), co-chair of our Securities Investigations + Enforcement practice, has been appointed as co-chair of the American Bar Association's (ABA) Business and Corporate Litigation Committee (BCLC). Jay will serve a three-year term in this prestigious role.

With nearly 1,500 members, the BCLC is one of the largest committees within the ABA's Business Law Section. Jay's leadership and insight will be invaluable as we navigate this dynamic landscape and explore new areas of interest.

In the News

Our team frequently comments on emerging trends and developments in the legal industry. Below are several media quotes from one of our esteemed team members, offering insights and perspectives on current issues.

Jay Dubow was recently quoted in:

- [“SEC Changes for Public Cos. Shake Up D&O Coverage Risks,”](#) *Law360*, October 9, 2025.
- [“SEC’s ‘Unconventional’ Top Cop to Keep Agency in Check: Consultants,”](#) *FundFire*, August 25, 2025.

Webinars and Speaking Engagements

- Ghillaine Reid will serve as co-chair for the [General Counsel Invitational](#) and moderate the panel titled “Strategic Stewardship: Giving & Getting Business as a General Counsel” on Friday, October 17.
- Jay Dubow will participate in the Philadelphia Bar Association's webinar, [“Securities Law Update With the PA Department of Banking & Securities’ Chief Counsel,”](#) on Thursday, October 16.
- Jay Dubow served as a panelist at PBI's Business Law Institute 2025 on the panel titled “When the Entity is a Client (Ethics),” held on Wednesday, October 14.
- Ghillaine Reid recently moderated the [Broker/Dealer Lawyer and Compliance Officer Roundtable](#) at PLI's annual Broker/Dealer Regulation and Enforcement conference in New York.
- Jay Dubow recently participated in a panel at the American Bar Association's Business Law Section Fall Meeting titled [“Changing Priorities in SEC Enforcement Policy: Impacts on Securities Class Action Litigation, Public Companies, and Officers and Directors.”](#) The discussion focused on the evolving balance between public enforcement and private accountability.
- Casselle Smith recently participated in a panel discussion at [Harvard Law School's Celebration of Black Alumni](#). Her panel, “AI and Civil Rights: Guardrails or Gatekeepers?” focused on the risk clients are most concerned about as their businesses deploy AI.

SEC Policy Shifts

SEC Considers Shift to Semiannual Reporting for Public Companies

By [Alexander T. Yarbrough](#), [Rakesh Gopalan](#), and [Joshua Eastwood](#)

The Securities and Exchange Commission (SEC) is actively evaluating whether to transition from the current quarterly reporting regime for domestic public companies to a semiannual reporting framework. Although no formal

proposal or timeline has been released, recent public statements by President Donald Trump and SEC Chair Paul Atkins indicate strong support for such a shift. However, significant hurdles and practical considerations remain before any such implementation can take effect.

[Read more](#)

SEC Announces Return to Simultaneous Consideration of Settlement Offers and Related Waiver Requests

By [Jay A. Dubow](#), [Megan Conway Rahman](#), and [Ghillaine A. Reid](#)

On September 26, Securities and Exchange Commission (SEC) Chair Paul S. Atkins announced a return to the SEC's prior practice of allowing individuals and entities facing enforcement actions to request that the SEC simultaneously consider both their settlement offers and any related waiver requests. Waivers may be necessary to avoid automatic disqualifications and collateral consequences that can result from enforcement actions, such as the loss of well-known seasoned issuer status, safe harbor protections, private offering exemptions, or the ability to serve in certain regulated capacities.

[Read more](#)

Digital Assets Updates

SEC No-Action Letter: Expanding Custody Options for Crypto Assets With State Trust Companies

By [John P. Falco](#), [John M. Ford](#), [Genna Garver](#), [Ethan G. Ostroff](#), and [Theodore D. Edwards](#)

On September 30, 2025, the Office of the Chief Counsel of the Securities and Exchange Commission's (SEC) Division of Investment Management (the Division) issued a no-action response (the No-Action Letter) stating that it would not recommend enforcement against registered investment advisers (RIAs) or certain regulated funds (*i.e.*, registered investment companies and business development companies) for maintaining crypto assets and related cash and cash equivalents with certain state-chartered financial institutions (state trust companies) so long as particular conditions are met. In doing so, the No-Action Letter permits regulated funds and RIAs to treat state trust companies as "banks" for purposes of the custody requirements of Investment Company Act of 1940, as amended (the 1940 Act), the Investment Advisers Act of 1940, as amended (the Advisers Act) and the rules thereunder.

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SEC and CFTC Staff Issue Joint Statement on Digital Asset Commodity Transactions

By [Akshay Belani](#), [Jay Dubow](#), [Genna Garver](#), [Ethan G. Ostroff](#), and [Ghillaine Reid](#)

On September 2, the staff of the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) issued a [Joint Staff Statement](#) regarding the listing of leveraged, margined, or financed spot retail commodity transactions on digital assets. Specifically, the SEC's Division of Trading and Markets and the

CFTC's Division of Market Oversight and Division of Clearing and Risk shared their view that "current law does not prohibit" SEC- or CFTC-registered exchanges from facilitating trading of those spot crypto asset products.

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AI Updates

SEC Launches AI Task Force

By [Jay A. Dubow](#) and [Ghillaine A. Reid](#)

This article was republished in the October 2025 issue of [Insights: The Corporate and Securities Law Advisor](#).

On August 1, the Securities and Exchange Commission (SEC) [announced](#) the formation of a new task force dedicated to harnessing artificial intelligence (AI) to enhance innovation and efficiency across the agency. This initiative, led by Valerie Szczepanik, SEC's newly appointed Chief AI Officer, marks a significant step in the agency's commitment to integrating this technology into its operations.

[Read more](#)

SEC Regulatory Initiatives

SEC Takes Official Position on Inclusion of Issuer-Investor Mandatory Arbitration Provisions for IPOs

By [Jay A. Dubow](#), [J. Timothy Mast](#), [Douglas D. Herrmann](#), [Mary Weeks](#), and [Chloe Ann C. Lee](#)

In a [policy statement](#) issued by the Securities and Exchange Commission (SEC) on September 17, 2025, the agency announced that companies seeking to go public will be permitted to include an issuer-investor mandatory arbitration provision — which would require investors to resolve claims of fraud, false statements, or other investor claims through arbitration rather than in court litigation — without impact on the acceleration of the effectiveness of the registration statement. The SEC has traditionally declined to approve bylaw provisions that allow companies to avoid securities class action litigation by requiring claims to be submitted to arbitration. This change in policy stance observes judicial attitudes regarding the Federal Arbitration Act (FAA) and indicates that initial public offering (IPO) investors should prepare to be required to arbitrate investor claims in the imminent future.

[Read more](#)

SEC Launches Initiative to Tackle International Fraud and Protect U.S. Investors

By [Jay Dubow](#) and [Ghillaine Reid](#)

On September 5, the U.S. Securities and Exchange Commission (SEC) [announced](#) the formation of a Cross-Border Task Force. This initiative aims to enhance the Division of Enforcement's capabilities in identifying and combating cross-border fraud that adversely affects U.S. investors. As global markets become increasingly interconnected, the SEC's proactive approach underscores its commitment to safeguarding the integrity of U.S.

capital markets.

[Read more](#)

Whistleblower Updates

Evaluating the SEC's Rising Whistleblower Denial Rate

By [Jay A. Dubow](#), [Ghillaine A. Reid](#), and Jaycee E. Parker

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This year has seen a record percentage of whistleblower claim denials by the U.S. Securities and Exchange Commission. This rising trend of award denials is a departure from the SEC's previous track record and may reflect a more conservative approach to whistleblower award determinations under the current administration.

[Read more](#)

Securities Fraud Challenges

Navigating Confidential Witness Allegations in Securities Litigation

By [Jay A. Dubow](#), [Erica Hall Dressler](#), and [Millie Krnjaja](#)

Plaintiffs pursuing securities fraud claims under Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 face the heightened pleading standards imposed by both Federal Rule of Civil Procedure 9(b) and the Private Securities Litigation Reform Act (PSLRA). To survive a motion to dismiss, plaintiffs must therefore plead “the who, what, when, where, and how” of the alleged fraud and the facts that give rise to a strong inference that the defendant acted with scienter with particularity. These requirements can pose significant hurdles for plaintiffs, who may lack firsthand knowledge or direct access to facts that clearly show why a statement was misleading or documents that reveal a defendant's state of mind.

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SEC Enforcement

SEC Charges TZP Management Associates With Breaching Fiduciary Duty by Overcharging Management Fees to Private Funds

By [Jay A. Dubow](#), [Ghillaine A. Reid](#), and [Isabela P. Herlihy](#)

Last week, TZP Management Associates, LLC (TZP), a New York-based private equity investment adviser, agreed to pay more than \$680,000 in monetary relief to settle [charges](#) brought by the Securities and Exchange Commission (SEC) for breaches of fiduciary duty related to the calculation of management fees for TZP's private

fund clients. This enforcement action highlights the importance of adhering to fund partnership agreements and providing adequate disclosure of fee calculation and management practices to mitigate potential conflicts of interest.

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Abrianna Harris and Mike Matthews also contributed to this newsletter. They are not licensed to practice law in any jurisdiction; bar admission pending.

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