

## SEC REGULATORY AND ENFORCEMENT UPDATE

### Hawkins Update

06.24.2026

#### *Introduction*

This Hawkins Update provides an update on the Securities and Exchange Commission (the “SEC”) regulatory and enforcement activities of interest to the municipal securities market and its participants.

#### *First Step in FDTA Rulemaking*

The Financial Data Transparency Act of 2022 (the “FTDA”)[[1](#)] was adopted to provide for standardization of data produced or received by a number of federal financial regulatory agencies (the “Covered Agencies”)[[2](#)] to permit such data to be machine-searchable and readable. The statute prescribed a complex two-stage rulemaking process that was intended to promote harmonization of compliance requirements applicable to regulated entities and interoperability among the agencies.[[3](#)] Adoption by each of the Covered Agencies of regulations establishing joint data standards, which was to be completed by December 23, 2024, was to be followed by adoption of agency-specific implementing regulations responsive to separate statutory mandates.[[4](#)] The FTDA provides several separate SEC mandates, one of which relates to information to be submitted to the Municipal Securities Rulemaking Board (the “MSRB”). This mandate requires that the SEC issue rules to adopt the joint data standards for purposes of MSRB submissions within two years of joint data standard rule promulgation.[[5](#)] Such submissions may include information filed by municipal issuers and obligated persons through the MSRB’s Electronic Municipal Market Access website (“EMMA”). Discussions of the FTDA and preliminary joint rulemaking activity were included in: (i) the [January 25, 2023 Hawkins Update](#);[\[6\]](#) (ii) the [July 21, 2023 Hawkins Update](#);[\[7\]](#) and (iii) the [December 6, 2024 Hawkins Update](#).[\[8\]](#)

The Covered Agencies promulgated a final rule establishing joint data standards under the FTDA, effective October 1, 2026 (the “Joint Standards” or the “Adopting Release”).[\[9\]](#) Text in the Adopting Release emphasized a regulatory intent to “establish” certain data standards in preparation for subsequent individual agency rulemaking, rather than “adopting” them as constraints upon that rulemaking. Thus, while these data standards are available for consideration by the individual agencies as part of their separate rulemaking processes, the agencies may choose to “tailor the data standards they ultimately adopt or adopt data standards not established in the final joint rule” in response to their specific mandates.[\[10\]](#) It also emphasized that the Joint Standards are not applicable to regulated entities, except as they may be subsequently adopted by individual agencies.

The Joint Standards establish several technical conventions, including: (i) seven common identifiers related to entities, geographic locations, dates, and certain products and currencies; (ii) a principles-based joint standard with respect to transmitting and structuring data; and (iii) a definition of “collections of information” in accordance with the Paperwork Reduction Act of 1995.[\[11\]](#)

The Joint Standards also establish the use of Legal Entity Identifiers (“LEIs”)[\[12\]](#) when submitting financial disclosures to the financial regulatory agencies. However, the Covered Agencies retreated from the initially proposed establishment of a specific financial instrument identifier, leaving that specification to future individual agency rulemaking. This is of particular importance to the municipal securities market, which currently uses CUSIP numbers to link disclosures filed through the EMMA system, among other purposes. Municipal comments submitted in response to the joint rule as initially proposed had expressed broad concern that a transition to another identifier might be required. **The Joint**

## **Standards leave the door open for the SEC to adopt an implementing rule that would permit continued reliance upon CUSIP.**

The next round of SEC rulemaking for MSRB submissions, scheduled to be concluded within two years of the promulgation of the Joint Standards,[\[13\]](#) will be crucial in determining the actual impact that FDTA requirements will have on municipal securities market participants and should be monitored closely. *As of the date of this Update, the Joint Standards have not been published in the Federal Register. The date of such publication will start the two-year period within which the SEC is required by the FDTA to adopt rules for this purpose.* The FDTA requires the SEC to consult with market participants in connection with its adoption of data standards for MSRB submissions and to “seek to minimize disruptive changes to the persons affected by those rules.”[\[14\]](#) Municipal securities market comments to date have highlighted a number of concerns that distinguish this market from others that the SEC must address, as discussed in the [December 6, 2024 Hawkins Update](#). Market participants should prepare to engage with the SEC and the MSRB over the coming months as the second stage of FDTA implementation commences.

### *A Look at Recent Enforcement Cases*

SEC municipal enforcement activity was fairly limited in 2025 and halfway through 2026, there is a continuation of this trend. With only three municipal securities enforcement matters resolved in 2025, this was the lowest number of actions in many years. This suggests a move away from regulation or policymaking by enforcement. Cases rooted in clear rule violations and general fraud concepts will likely continue to be the bulk of SEC municipal securities enforcement activity. Two noteworthy areas of recent enforcement are discussed below.

*Final Settlement of the Oppenheimer Limited Offering Case.* On September 13, 2022, the SEC filed a complaint against Oppenheimer & Co. Inc. (“Oppenheimer”) in connection with offerings of municipal securities utilizing the limited offering exemption provided by Rule 15c2-12 (the “Rule” or “Rule 15c2-12”). This was one of a series of SEC enforcement matters on this subject, which focused on underwriters who fail to meet the legal requirements of the limited offering exemption under section (d)(1)(i) of the Rule.[\[15\]](#)

Oppenheimer did not accept the SEC’s initial settlement offer for this matter, unlike the other underwriters targeted under similar fact patterns, and opted to litigate the matter in federal court. On December 10, 2025, the U.S. District Court for the Southern District of New York entered a final consent judgment in the matter against Oppenheimer, who consented to the judgment permanently enjoining it from violating the Rule, MSRB Rules G-17 (fair dealing) and G-27 (supervision), and Section 15B(c)1 of the Securities Exchange Act of 1934 (statutory provisions prohibiting the violation of MSRB rules), and agreed to pay a \$1.2 million civil penalty.

While this brings to an end an initial round of limited offering cases that were based on fairly bright line rule violations, the market is now on notice that the SEC is looking at deficiencies in the structuring of these types of financings. Market practices have largely adjusted in response to the issues raised in these matters. For discussions of earlier SEC enforcement activity in this area, see: (i) the [September 23, 2022 Hawkins Update](#)[\[16\]](#) and (ii) the [July 21, 2023 Hawkins Update](#).[\[17\]](#)

*Unregistered Municipal Advisor Activity.* The SEC remains focused on municipal advisor activities with enforcement actions that have involved failures to register as a municipal advisor and concerns over the municipal advisor’s fiduciary duty to its client and conflicts of interest. While there have been limited new SEC enforcement matters in the municipal securities market in 2026 to date, unregistered municipal advisor activity formed the basis of two enforcement actions settled in January and February 2026.[\[18\]](#) Both cases involve fairly straightforward fact patterns establishing statutory and rule-based violations of the municipal advisory regulatory regime. For more information on SEC municipal advisor enforcement matters, see the [August 7, 2025 Hawkins Update](#).[\[19\]](#)

Whether the current SEC municipal enforcement environment represents a long-term policy shift or is the result of structural changes at the SEC, remains to be seen. One of the early actions taken by new SEC leadership in March 2025, was adoption of a rule requiring a majority of Commissioners to agree on an enforcement matter before the SEC formally opened an investigation.<sup>[20]</sup> At the time of its adoption, this rule was highlighted as an additional step in the process that could slow investigations down. While that rule and other policy shifts at the SEC appear to have impacted municipal enforcement caseloads, issuers and market participants should stay vigilant as to rule violations, fraud concepts, and deceptive market practices, which are likely to remain a priority in any regulatory environment.

## *SEC Rescinds “No Deny” Policy*

In May 2026, the SEC rescinded Rule 202.5(e), which effected a policy applicable to the SEC’s decision to offer settlements of administrative enforcement actions.<sup>[21]</sup> This is the culmination of an effort to rescind this policy several times over the last few years. Under the now rescinded policy, the SEC would not agree to settle a matter unless the defendant or respondent also agreed not to publicly deny the allegations in the complaint or administrative order.<sup>[22]</sup> While there is no official policy on admissions as a condition of settlement, settlements often include a clause that the defendant or respondent, in accepting the settlement offer, is not admitting nor denying the allegations.<sup>[23]</sup>

In the Rescission Rule, the SEC identified several factors that informed its decision.<sup>[24]</sup> One example noted how this “no deny” policy only applied to settling defendants, rather than those defendants who chose to litigate a matter. Litigating defendants have had the ability to continue to assert their public disagreement with the charges brought against them without any limitation, even after being found liable and penalized, while settling defendants were required to remain silent. The SEC did not find a strong public policy reason for maintaining this dichotomy. Further, the Rescission Rule highlights that there was little to no history of the SEC monitoring whether settling defendants complied with the “no deny” settlement condition or, if that settlement condition was violated, any reopening of the matter in question seeking to penalize the defendant.

The SEC set forth additional reasons to support the rescission of Rule 202.5(e), including that: (i) the benefits to the SEC and the public from the policy, and the only remedy available under the policy, have proven to be limited over time; (ii) technological changes in communication, particularly use of social media, have made the policy more challenging to implement; (iii) it aligns the SEC with the majority of federal agencies that do not have a similar rule.; and (iv) it gives the SEC more flexibility in settling enforcement actions, which conserves resources, provides certainty, and may speed the return of money to injured investors (when feasible).

In announcing this policy shift, the SEC indicated that it will not enforce existing “no deny” provisions and will not ask a District Court to vacate a settlement (or to reopen an adjudicatory proceeding) in connection with the terms of the settlement agreement.

## *Updates to the SEC Enforcement Manual*

In February 2026, the SEC’s Division of Enforcement announced updates to its [Enforcement Manual](#),<sup>[25]</sup> which “include changes to investigative procedures...to enhance consistency and uniformity in enforcement practices and to create efficiencies in support of the [SEC’s] mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.”

The key areas that were updated in the Enforcement Manual include, among others: (i) revisions to the Wells process,<sup>[26]</sup> which provide those receiving a Wells Notice with more time to respond (up to four weeks); (ii) more access to senior staff; (iii) more access to the investigative file; (iv) simultaneous consideration of settlement offers and related waiver requests; (v) updates to the cooperation and self-reporting framework; and (vi) new document preservation and production standards (which include off-channel communications methods, like text messaging and other platforms used for such purposes, such as WhatsApp, iMessage, Signal, Teams, Slack, Discord, Telegram and others).

This is the first update to the Enforcement Manual since 2017. The SEC has also announced that the Enforcement Manual will now be subject to an annual review process.

## *Changes in SEC Commissioners*

Market participants will want to keep an eye on turnover among SEC Commissioners, as new leadership could further shift enforcement priorities over the next few years. Commissioners are appointed by the President and with the advice and consent of the Senate.<sup>[27]</sup> Not more than three Commissioners may be members of the same political party, and in making appointments, members of different political parties are required to be appointed alternately as nearly as may be practicable.<sup>[28]</sup>

The SEC currently has only two Commissioners, Hester M. Peirce and Mark T. Uyeda, in addition to Chair Paul S. Atkins. All three individuals are Republican appointees to the SEC. Ms. Peirce has announced that she will be leaving the SEC at the end of her term in November 2026. Absent the appointment of a new Commissioner prior to her departure, this would leave only two Commissioners. This possibility was foreseen in a 1995 amendment to the SEC Rules that provided for the actual number of Commissioners to constitute a quorum, if that number is less than three which was adopted in part because a quorum would be necessary for rulemaking.<sup>[29]</sup> While new appointments are inevitable, there are open questions as to: (i) who will be tapped for these roles; (ii) how the current political climate and midterm elections may impact the timing of any appointments; and (iii) how, if at all, the new composition of the SEC changes the ongoing operation and focus of the SEC's Public Finance Abuse Unit or the Office of Municipal Securities or its rulemaking agenda

<sup>[1]</sup> P. L. 117-263, Div. E, Title LVIII, 136 Stat. 3421, 15 USCS § 78 nt. The FDTA amended Title I, Subtitle A of the Financial Stability Act of 2010 (12 U.S.C. 5321 et. seq.) and various financial regulatory statutes, including, with respect to municipal securities, the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. 78d et. seq.).

<sup>[2]</sup> The FDTA requires implementation by the principal Financial Stability Oversight Council agencies (respectively, the "Council" and the Covered Agencies) of joint data standards for financial information that they collect. The Council currently includes: (i) the respective heads of each of the Commodity Futures Trading Commission (the "CFTC"), Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, Federal Housing Finance Agency, Board of Governors of the Federal Reserve System, National Credit Union Administration, the SEC, and Department of the Treasury as voting members, along with a presidential appointee with insurance expertise; and (ii) the Directors of the federal Office of Financial Research and Federal Insurance Office and designees for each of the state banking supervisors, state insurance commissioners and state securities commissioners as non-voting members. 12 U.S.C. 5321(b). The FDTA defines the term "covered agencies" to include each voting *ex officio* Council member's agency, with the exception of the CFTC, along with any "primary financial regulatory agency" designated by the Secretary of the Treasury 12 U.S.C.5334(a)(1), added by FDTA, P.L. 117-263, Div. E, Title LVIII, Subtitle A, § 5811(a), 136 Stat. 4322. The CFTC was so designated on May 3, 2024 (<https://www.cftc.gov/PressRoom/PressReleases/8940-24>).

<sup>[3]</sup> 12 U.S.C. 5334(c)(2), added by FDTA P.L. 117-263, Div. E, Title LVIII, Subtitle A, § 5811(a), 136 Stat. 4322.

<sup>[4]</sup> 12 U.S.C. 5334(b)(1), added by FDTA P.L. 117-263, Div. E, Title LVIII, Subtitle A, § 5811(a), 136 Stat. 4322.

<sup>[5]</sup> FDTA Section 5823(a).

<sup>[6]</sup> Available at <https://www.hawkins.com/about/publications/2023-01-25-update-on-the-municipal-securities-market> (the "January 25, 2023 *Hawkins Update*").

[7] Available at <https://www.hawkins.com/about/publications/2023-07-21-municipal-securities-market-update> (the “July 21, 2023 *Hawkins Update*”).

[8] Available at <https://www.hawkins.com/about/publications/2024-12-06-initial-municipal-market-responses-to-proposed-financial-data-transparency-act-joint-data-standards> (the “December 6, 2024 *Hawkins Update*”).

[9] SEC Release No. 33-11420; 34-105536 (May 21, 2026) and Section III, page 62, thereof regarding the effective date of the Joint Standards.

[10] *Id.* at 7.

[11] *Id.* at 23-24.

[12] See <https://www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei>. LEIs are unique global identifiers for legal entities participating in financial transactions and are used in regulatory reporting to financial regulators, among other things. LEIs are formatted as a 20-character, alpha-numeric code that is documented by the International Organization for Standardization.

[13] FDTA Section 5823(b)(1).

[14] FDTA Section 5823(b)((2)(B).

[15] Rule 15c2-12(d)(1)(i) provides that the primary disclosure and continuing disclosure elements of the Rule will not apply to offerings of municipal securities issued in denominations of \$100,000 or more that are sold to no more than thirty-five (35) persons if the underwriters have a reasonable belief that each purchaser: (A) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment; and (B) is not purchasing for more than one account or with a view to distributing the securities (collectively, the “Limited Offering Exemption”). Items (A) and (B) were the focal points of the SEC actions.

[16] Available at <https://www.hawkins.com/about/publications/2022-09-23-sec-actions-rule-15c2-12-limited-offering-exemption> (the “September 23, 2026 *Hawkins Update*”).

[17] Available at <https://www.hawkins.com/about/publications/2023-07-21-municipal-securities-market-update> (the “July 7, 2023 *Hawkins Update*”).

[18] *In the Matter of Vertex Education – PA, LLC, f/k/a Charter Choices, LLC* (January 23, 2026) and *In the Matter of Ford Research & Solutions, Inc. and James Ford* (February 12, 2026).

[19] Available at <https://www.hawkins.com/about/publications/2025-08-06-current-sec-municipal-advisor-concerns> (the “August 7, 2025 *Hawkins Update*”).

[20] SEC Release No. 33-11366; 34-102552 (March 1, 2025).

[21] SEC Release Nos. 33-11417; 34-105504 (May 21, 2026) (the “Rescission Rule”).

[22] 17 CFR 202.5(e).

[23] See the Rescission Rule at footnote 31, “[t]here is no rule equivalent to Rule 202.5(e) regarding admissions. The [SEC’s] rescission of Rule 202.5(e) does not affect its discretion to settle with defendants who decline to admit facts or liability, or its discretion to negotiate for admissions as part of a settlement. Moreover, there is a subset of cases where the [SEC] settles (or plans to settle) with a defendant or respondent that is the subject of a parallel criminal proceeding arising

from the same or similar conduct, and where the defendant or respondent has pleaded, or is expected to plead, guilty, or been convicted. In those instances, there have been admissions (via an allocution) or a finding of criminal liability. For these types of cases, the [SEC] may continue to address admissions and denials in settlement agreements to ensure consistency between the [SEC] settlement and the resolution of the parallel matter.”

[24] See the Rescission Rule at pages 6-7.

[25] Available at <https://www.sec.gov/newsroom/press-releases/2026-20-secs-division-enforcement-announces-updates-enforcement-manual>.

[26] 17 CFR 202.5(c) – “persons who become involved in preliminary or formal investigations may, on their own initiative, submit a written statement to the [SEC] setting forth their interests and position in regard to the subject matter of the investigation. Upon request, the [Staff], in its discretion, may advise such persons of the general nature of the investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing and submitting a statement prior to the presentation of a [Staff] recommendation to the [SEC] for the commencement of an administrative or injunction proceeding...”

[27] Section 4(a) of the Securities Exchange Act of 1934.

[28] *Id.*

[29] SEC Release No. 34-35548 (May 30, 1995).

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