



Global Crypto Regulatory Update Quantum Update 65

February 2026

**CHARLTONS
QUANTUM**

US CFTC Withdraws Event Contracts Rule Proposal and Staff Sports Advisory

On 4 February 2026, the US CFTC formally **withdrew the notice of proposed rulemaking titled "Event Contracts"** that had been published on 10 June 2024 vide **CFTC Staff Letter 26-04**. The US CFTC confirmed it does not intend to issue final rules with respect to the proposal and also withdrew the **Staff Advisory on Certain Contract Markets (Staff Letter 25-36)** issued on 30 September 2025.

Jurisdictional Reconsideration

Chairman Selig cited the need to reconsider the framework due to state regulatory actions and ongoing litigation regarding the CFTC's exclusive jurisdiction over derivatives listed on designated contract markets.

Merit Regulation Criticism

The 2024 proposal was criticized as a "departure into merit regulation"; the new direction aims for a rulemaking process grounded strictly in the Commodity Exchange Act to eliminate confusion caused by previous staff advisories.

Removal of Proposed Bans

This action effectively removes proposed bans on political and sports-related event contracts initiated by the prior administration.

Principles-Based Standards

The US CFTC is transitioning from categorical bans toward establishing comprehensive, principles-based standards for the event contract market.

US CFTC and US SEC Hold Joint Harmonisation Event on Crypto Regulation

On 26 January 2026, the United States Commodity Futures Trading Commission (US CFTC) and the United States Securities and Exchange Commission (US SEC) announced a joint public event titled "**SEC – CFTC Harmonisation: U.S. Financial Leadership in the Crypto Era.**" The event was rescheduled from 27 January to 29 January 2026 and held at US CFTC headquarters in Washington, D.C.

Project Crypto

US SEC Chairman Atkins announced that "Project Crypto" has transitioned into a collaborative joint initiative between both agencies to streamline digital asset oversight.

Eliminating Jurisdictional Fragmentation

The harmonisation establishes a formal regulatory framework designed to eliminate jurisdictional fragmentation and provide a cohesive oversight structure for the digital asset sector.

Three Primary Objectives of Joint Harmonisation

1. Achieving regulatory clarity
2. Enhancing inter-agency coordination
3. Supporting permissionless innovation

Departure from Enforcement-Heavy Approaches

This partnership marks a significant departure from previous enforcement-heavy approaches, focusing instead on providing a clear regulatory pathway for intermediaries, infrastructure providers, and multi-product platforms.

US CFTC Launches Innovation Advisory Committee and Appoints 35 Member Panel

On 12 January 2026, United States Commodity Futures Trading Commission Chairman Michael S. Selig **officially launched** the **Innovation Advisory Committee** (IAC), renamed from the former Technology Advisory Committee and seeking nominations for additional IAC membership. The body is structured to include a balance of viewpoints from the financial industry, regulatory bodies, financial technology providers, public interest groups, academia and market infrastructure firms.

1

35-Member Panel

The panel, finalized on February 12, 2026, integrates a broad spectrum of stakeholders including traditional market operators (CME Group, Nasdaq), crypto industry leaders (Coinbase, Ripple, Uniswap, Gemini), and prediction market executives (Polymarket, Kalshi).

2

Advisory Mandate

The Innovation Advisory Committee is tasked with advising on artificial intelligence, blockchain technologies, novel derivatives products, and the development of adaptive regulatory frameworks.

3

Collaborative Policymaking

The IAC represents the CFTC's most extensive industry engagement initiative to date, signaling a shift toward collaborative policymaking over unilateral enforcement.

4

Legislative Input Channel

The IAC provides a direct channel for industry input as Congress considers digital asset market structure legislation, which aims to expand the CFTC's oversight into spot digital commodity markets.

Paul Tzur and David Morrell Appointed Deputy Directors of the US SEC Division of Enforcement

On 12 January 2026, the U.S. Securities and Exchange Commission announced the appointment of **Paul H. Tzur and David M. Morrell as Deputy Directors of the Division of Enforcement**. US SEC Chairman Paul S. Atkins stated: "Paul and David are excellent attorneys and dedicated public servants, I am delighted to have such talented individuals join the Division of Enforcement to aid in its critical role of protecting investors and the markets."

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Paul H. Tzur

Paul Tzur has assumed leadership over enforcement programs in the **Chicago, Atlanta, and Miami Regional Offices**.

Both appointees are well-regarded practitioners returning to the public sector to manage investigations and litigations across key regional hubs.

David M. Morrell

David Morrell will oversee the **New York, Boston, and Philadelphia offices**, covering jurisdictions that handle a high volume of complex fraud, market abuse, and asset management cases.

The new deputies are tasked with identifying and pursuing "sensible enforcement actions" to protect market integrity and maintain trust in U.S. financial markets.

US SEC to Host Hybrid Outreach Event on Regulation S-P Compliance for Small Firms

On 9 January 2026, the U.S. Securities and Exchange Commission announced a **hybrid compliance outreach event** focused on helping small registered firms implement recent amendments to **Regulation S-P**, the SEC's core investor data protection and privacy rule. Scheduled for 22 January 2026, it addresses an important market-integrity risk i.e. the increasing exposure of investor personal information arising from cyber incidents, inadequate safeguards, and insufficient incident-response preparedness at smaller market participants.

→ Targeted at Small Firms

The initiative specifically targets small investment advisers and broker-dealers to address heightened market-integrity risks from cyber incidents and inadequate data safeguards.

→ Operationally Testable Requirements

Amendments to Regulation S-P impose operationally testable requirements for safeguarding customer information, incident response preparedness, and regulatory interaction during examinations.

→ Workshop-Driven Format

The event featured a "workshop-driven" approach, including a simulated incident response tabletop exercise and a mock examination session using sample document request lists.

→ Exam Readiness Signal

By providing guidance alongside examination simulations, the SEC signaled that firms are expected to understand both the technical requirements and the specific methods staff will use to assess compliance.

→ Statutory Basis

Regulation S-P is maintained under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940, with the 2026 focus shifting toward rigorous governance and exam readiness.