



The **Alternative Investor**

Performance

News

Trends

Regulatory updates

From fringe to framework, how crypto is helping reshape private markets

This month's Alternative Investor explores one of the most important shifts underway in financial markets as crypto moves from fringe to framework. Once defined by experimentation and volatility, the digital asset ecosystem is increasingly being shaped by institutional standards, governance and capital markets infrastructure. Andy Martinez (Crypto Insights Group) examines the maturing of crypto private markets as investors demand stronger underwriting discipline; Jon Freedman and Richard Burgess (Quant Fin Ltd) explore operational resilience and security; Jesse Knutson (Bittfinex Securities) looks at how tokenisation could modernise private market infrastructure; Duke Kim (Securitize Fund Services) discusses the rise of tokenised securities and on-chain capital markets; and Martin Gaspar (FalconX) analyses how ETFs, derivatives and institutional flows are reshaping market structure. Also in the issue, Mark Kollar (Prosek Partners) looks at how the slowdown in PE fundraising is elevating independent sponsors, CAIA examines the growing geopolitical role of Gulf sovereign wealth funds, and the Money Maze Podcast features Manulife | CQS CEO Soraya Chabarek on leadership, credit markets and the pursuit of the possible.



Macro Leads Again in Volatile February

February 2026 saw markets absorb shock after shock yet, on the surface at least, refused to buckle. Global equities held firm, with the notable exception of the Nasdaq, while commodities rose amid escalating tensions in the Middle East ([see market review](#)). Against this backdrop, hedge funds delivered a decent month, with the HFRI Fund Weighted Composite Index up 1.9%, as macro strategies once again led performance.

Equity hedge strategies were impressive with the HFRI Equity Hedge (Total) Index up 2.4%. Energy and Basic Materials led gains, rising 4.6% as commodity prices strengthened, followed by Healthcare at 3.7%. Technology proved more challenging, however, as AI-related stocks saw bouts of profit-taking, leaving the HFRI Technology Index up just 0.2%.

Event-driven strategies were more subdued, with the HFRI Event-Driven (Total) Index up 0.3%. Distressed and Restructuring led the space, rising 1.9%, while activist strategies struggled amid crowded US equity positions and rising volatility, leaving the Activist Index down 1.7%.

Macro once again delivered the strongest returns, with the HFRI Macro (Total) Index up 3.0%. Commodity-focused strategies benefited from price moves, with the Commodities Index up 4.0%. This time, however, systematic managers captured the bulk of the gains: the Systematic Macro Index rose 3.7%, while the Discretionary Macro Index gained 0.8%.

Relative value strategies posted steady gains, with the HFRI Relative Value (Total) Index up 0.7%. Yield Alternatives led the category, rising 2.1%, while Fixed Income Convertible Arbitrage was the only negative strategy, down 0.6%.

Regionally, Japan stood out, with the HFRI Japan Index up 5.6%, followed by Emerging Markets Global at 3.7%. North America rose 1.2%, while Western and Pan-European strategies edged up 0.2%. China was the main detractor, with the HFRI China Index down 0.9%.

*all data from [HFR](#)

UPCOMING EVENTS

14 March 2026
AIMA Japan Annual Forum 2026

16 March 2026
SuperReturn North America

17 March 2026
Institutional Investor Nordic Summit 2026

17 March 2026
DC Blockchain Summit

22 March 2026
Global Investors' Symposium

Click [here](#) to see all the listings

\$1.37tn

Bitcoin market capitalisation

6 March 2026

Source: [CoinGecko](#)

\$2.43tn

Total crypto market value,

6 March 2026

Source: [CoinGecko](#)

Doubling down

Amid concerns about private credit and slowdown in inflows, London-based Arcmont Asset Management secured €1.5 billion for its second Capital Solutions fund, nearly double that of its predecessor. This fund targets opportunities across junior capital, structured equity, secondaries and bespoke refinancing situations. More than half has already been deployed across 20+ investments.

HGGC closes Fund V

HGGC closed its fifth flagship private equity vehicle, HGGC Fund V, at \$3.2 billion, exceeding the \$2.8 billion hard cap. This fund has already invested in Equity Methods, Sterling Brokers, Inspired PLC and Centralis Group. Founded in 2007 and headquartered in Palo Alto, HGGC focuses on the middle-market technology, business services, financial services and consumer sectors.

Tech still sells

Showing there is continued interest in tech, Novacap closed its Technology Fund VII at \$3.8 billion, exceeding the \$2.75 billion target. The fund was raised in under a year, an impressive achievement for the Montreal-based manager. The new vehicle is roughly double that of its predecessor, Technology Fund VI, which closed at \$1.9 billion. While technology valuations may no longer be at peak-cycle levels, the flow of capital continues to concentrate among managers with strong track records, sector expertise and exit visibility.

JLL's closes ninth fund

JLL Partners closed its ninth private equity vehicle, JLL Partners Fund IX, raising \$1.4 billion for healthcare, industrial and business services. Building on more than three decades of experience, the firm focuses on operational improvements, strategic acquisitions and organic growth, with a particular onus on complex middle-market situations. Founded in 1988, the firm today manages more than \$8 billion in equity capital across its fund platform.

UPDATES (cont.)

Partners closes Merlin IV

Partners Capital closed Merlin IV with over \$1 billion in capital, targeting co-investments alongside private equity sponsors in single-asset buyouts across global markets. This close follows Goldman Sachs' recent \$2.8 billion raise for its fourth private equity co-investment vehicle. Launched in 2019, the Merlin platform focuses on lower-middle- and middle-market buyouts, typically committing between \$25 million and \$100 million per transaction alongside lead sponsors.

Kinterra closes mineral fund

Kinterra Capital closed Critical Materials & Infrastructure Opportunities Fund II at \$950 million, exceeding the \$850 million target and reaching its hard cap on an accelerated timeline. The fund focuses on upstream critical minerals viewed as essential to energy transition and resilient supply chains. The Toronto-based firm has already started deploying Fund II, completing its first acquisition with the Antler Copper Project in Arizona in Q4 2025.

Veritas raises the bar

Demonstrating that track record and brand remain crucial to attracting capital, Veritas Capital completed the month's standout \$15.3 billion fundraise for the Fund IX strategy and related vehicles. This is a significant uptick on its predecessor, Fund VIII, which closed at \$11 billion in 2019, and again underscores continued investor appetite for established platforms. Veritas Capital, which today manages more than \$54 billion in assets, invests in businesses at what it sees as the intersection of technology, defence, healthcare and infrastructure.

Blue Owl raises \$3bn for strategic fund

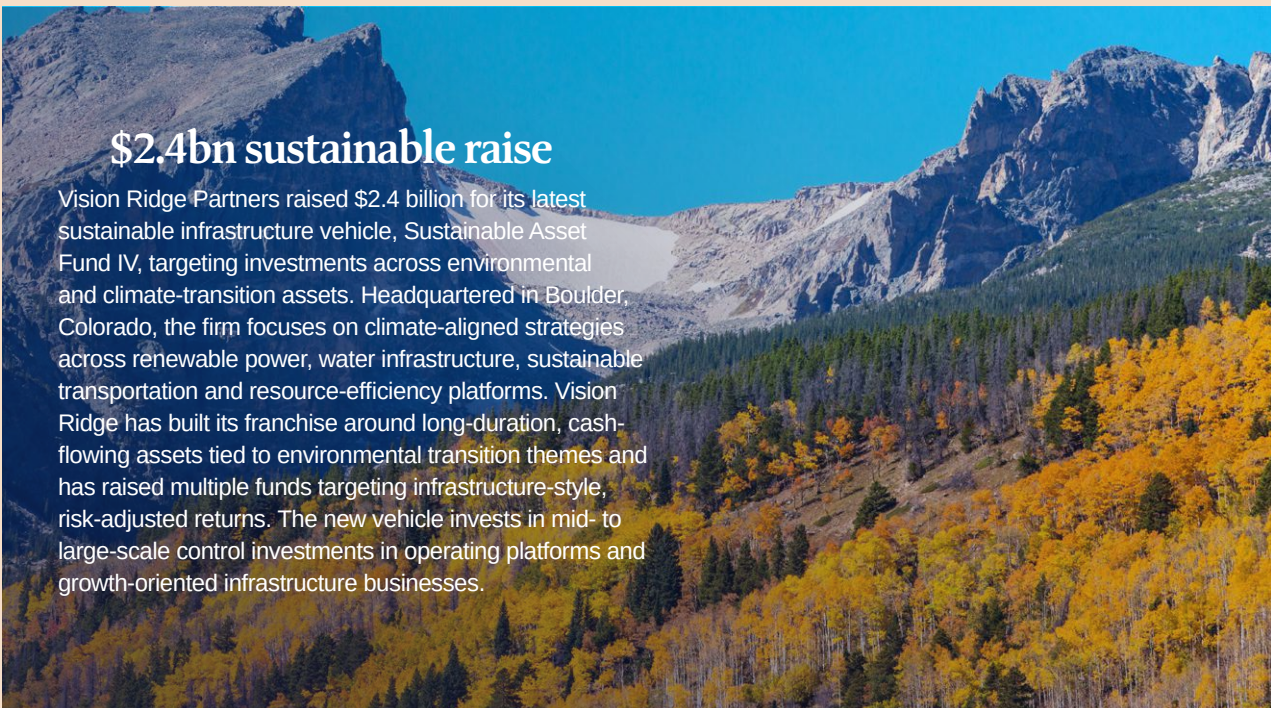
Blue Owl Capital raised more than \$3 billion for its latest strategic equity and secondaries vehicle. The fund invests in GP-led continuation vehicles and structured liquidity solutions, reflecting sustained institutional demand for such investments. Over the past decade, secondaries have evolved from a niche liquidity tool into a core portfolio allocation, with capital concentrating around managers with proven secondaries capabilities as investors prioritise diversification, downside protection and more predictable cash flow profiles.

Big in southern Europe

Azora secured nearly €1 billion at the third close of its Southern European Opportunities III vehicle, making it the largest real estate fund dedicated to Southern Europe to date. The strategy focuses on Spain, Portugal and Italy, targeting value-add and opportunistic investments across living, hospitality, logistics and alternative real estate segments. The raise continues to build on Madrid-based Azora's record in Iberian real estate and follows prior successful vintages under its Southern European Opportunities platform.

Secondaries scaling

Paris-based Tikehau Capital closed its second vintage private debt secondaries fund above target with over \$1 billion in commitments. Focused on seasoned private equity portfolio and fund interests, Tikehau's secondaries business is still a relatively small but fast-growing vertical within its business.

UPDATES (cont.)

\$2.4bn sustainable raise

Vision Ridge Partners raised \$2.4 billion for its latest sustainable infrastructure vehicle, Sustainable Asset Fund IV, targeting investments across environmental and climate-transition assets. Headquartered in Boulder, Colorado, the firm focuses on climate-aligned strategies across renewable power, water infrastructure, sustainable transportation and resource-efficiency platforms. Vision Ridge has built its franchise around long-duration, cash-flowing assets tied to environmental transition themes and has raised multiple funds targeting infrastructure-style, risk-adjusted returns. The new vehicle invests in mid- to large-scale control investments in operating platforms and growth-oriented infrastructure businesses.

Levy's \$1bn debut

Anton Levy raised \$1 billion for his debut independent private equity vehicle. Levy, former senior partner at General Atlantic, is targeting growth-oriented investments across technology, services and consumer sectors, leveraging decades of experience in scaling founder-led and high-growth businesses.

This fundraise is notable given today's tougher backdrop for new managers, with LPs increasingly selective and favouring established franchises.

The vehicle is expected to pursue minority and control investments, positioning itself between traditional buyout and classic growth equity, a hybrid approach increasingly attractive in a slower exit environment.

Building through acquisition

We have long made the case that acquiring assets and established teams is often more effective than building strategies organically. One River Asset Management clearly thinks so, having acquired LGT Capital Partners' Quantitative Investment Solutions unit. The deal adds over \$900 million in AUM, taking the Greenwich, CT-based manager's total assets to approximately \$3 billion, while adding proven systematic strategies and an experienced investment team, enabling

the firm to scale its platform immediately and expand its geographic footprint into Europe. Such an approach accelerates growth, provides institutional-grade track records from day one and avoids the long timelines and execution risk associated with building capabilities internally, reinforcing the strategic rationale behind targeted acquisitions in alternatives and systematic investing.

Nuveen lands Schroders

The \$9.9bn acquisition of Schroders by Nuveen, the asset management arm of TIAA, marks one of the most significant consolidations in European asset management in recent years

The deal underscores the industry's structural shift toward scale, as listed managers face fee compression, passive competition, and rising regulatory and technology costs,

particularly the capital intensity of building private markets platforms.

For Schroders, alternatives have become increasingly central through Schroders Capital, spanning private equity, debt, infrastructure and real estate. For Nuveen, the transaction adds UK and European distribution strength, wealth exposure and deeper private assets capabilities.

Amid concerns over heritage and identity, Schroders has reassured clients that Cazenove Capital will remain a protected and core part of the business. Management has emphasised continuity within its UK wealth franchise, signalling that while ownership changes, the brand, advisory relationships and operating model of Cazenove will remain intact.

UPDATES (cont.)

Man Group: long, hedge or hybrid?

Is Man Group an alternative manager, a long-only manager, or something in between? The firm's latest results suggest the answer increasingly lies somewhere in the middle. AUM reached a record \$227.6 billion at the end of 2025, up 35% year-on-year, driven by strong net inflows, investment performance and strategic expansion, including the acquisition of

credit specialist Bardin Hill Investment Partners.

Much of Man's growth came from long-only and systematic equity strategies, which attracted significant inflows and delivered strong returns, alongside continued expansion in discretionary equity and credit. Alternative strategies grew more steadily, with hedge fund

and trend-following performance more volatile earlier in the year before recovering into year-end.

The result is a business that remains distinctly alternative in its DNA, but increasingly operates as a diversified investment platform spanning systematic, discretionary and long-only capabilities.

Gatecrashing Peltz's party

Victory Capital has thrown a significant spanner into the works for Nelson Peltz's planned acquisition of Janus Henderson Investors, tabling a fully financed rival proposal that threatens to upend the existing agreement backed by Trian Fund Management.

Victory's offer of \$57.04 per share in cash and stock represents a clear premium to both Janus Henderson's unaffected share price and the competing transaction. Under the proposal, Janus Henderson shareholders would own roughly

38% of the combined firm, creating a larger asset manager with broader investment capabilities and expanded distribution. Victory has framed the bid as delivering immediate value alongside continued upside participation, while stressing execution certainty through committed financing.

The move raises the prospect of a bidding contest and highlights the intensifying race for scale in active management as firms respond to fee pressure, passive competition and rising operating costs.

Turning up the heat on LSEG

London Stock Exchange Group is facing intensified pressure from activist investor Elliott Investment Management, which disclosed a significant stake and is pushing for further strategic action. The move follows LSEG's announcement of a £3 billion share buyback, alongside margin improvement targets and clearer articulation of its AI and data strategy.

Elliott has described the LSEG steps as a positive start but has indicated they may not go far enough. The activist continues to press for sharper capital allocation, potential additional

shareholder returns and a broader portfolio review to address what it sees as a valuation gap relative to global peers.

LSEG's shares reacted positively to the buyback announcement, recording their strongest one-day gain in several years. Management emphasised that the capital return was already embedded within its financial framework rather than a concession to activist pressure. The group continues to highlight strong free cash flow generation, ongoing integration benefits from Refinitiv,

and its pivot toward higher-margin, recurring data and analytics revenues spanning clearing, indices and market infrastructure.

Since Elliott first made its move, it has sought to reassure UK stakeholders that it is not advocating a break-up of the business or a shift in the company's listing. Nonetheless, the activist's involvement raises the temperature around execution, capital discipline and long-term positioning.



Independent Sponsors Seen as Material Buyers for Single-Deal Private Companies

Fresh data show that fundraising continues to trend downward. According to Pitchbook's latest Global Private Market report, private-equity capital fundraises hit a seven-year low of \$414 billion in 2025. In fact, PE funds accounted for just one-third of all private-capital raised, the report showed, compared with 41 percent in 2024.

We know the story. Liquidity issues from a slowdown in exits, uncertainty about the economy and geopolitics and longer-than-normal hold periods have combined to make it less attractive for some LPs to participate at lower levels or even at all in the traditional fundraises. Maybe a little fatigue has set in as well.

But as we know, the PE world is an innovative place, and green shoots, even though small, appear to keep the deal-market flow alive.

Enter independent sponsors. This cohort -- simply put -- are deal-by-deal sponsors (versus overall fund managers) without committed blind-pools of capital.

Some believe independent sponsors are becoming actual material buyers of private companies and not just a group playing along the edges. In fact, observers estimate there are anywhere between 1,200 to 1,600 active independent sponsors in the US market now with as many as 1,500 involved in recent deal activity. No hard data exist at this point to verify numbers.

But Axial, a private deal network, reports that independent sponsors accounted for 27% of closed deals on its platform over the last 12 months (vs. 20% for PE funds).

So why the growth? A few key factors seem to be at play: a rise of private wealth in PE (especially family offices and high-net-worth individuals), a desire for more direct exposure to private companies

(proprietary attraction), plus the search for lower fixed costs.

For those reasons, a lot of independent sponsors can be found in the lower and lower-middle PE market, where deal sizes tend to be smaller and where founders of the companies may be more flexible in terms, governance, and check sizes while investors do not have to fit into a specific fund mandate or portfolio-concentration limits.

By definition, these types of sponsors tend to be more entrepreneurial, and more market facing to build relationships with capital providers and specialists. Don't call them "small PE," think of them as sole or small-team operators that are lean. Or to take it a step further, pure deal junkies. The focus is on the deal, one deal at a time.

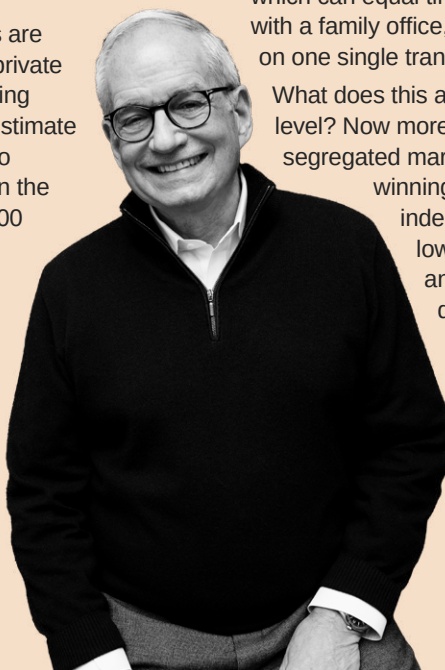
But the opportunity is not without hurdles. Leaner teams mean operational constraints. Check

sizes mean control rights, governance and fees are more difficult than single-fund structures. Bespoke -- which can equal time -- is the byword here when dealing with a family office, HNW individual and a PE co-invest on one single transaction.

What does this all really mean from a 33,000-foot level? Now more than ever, we are witnessing a segregated market with large established funds winning, the middle squeezed and the independent sponsor a bridge in the lower-middle between the dealmaker and the investor, a position that no doubt will grow in stature in the months and years ahead.

Mark Kollar
Partner, Prosek Partners

“...we are witnessing a segregated market with large established funds winning, the middle squeezed and the independent sponsor a bridge in the lower-middle...”



ALTERNATIVE INDUSTRY VOICE



How a New Centre of Gravity is Reshaping Global Capital

Middle Eastern sovereign wealth funds have quietly become the center of gravity in global state capital and 2026 is already showing that the real action is shifting from deal rooms to boardrooms. If you have been tracking deal flow, you already know the headline: Gulf funds deployed roughly \$119 billion in 2025, up 40% from 2024, and now account for nearly 43% of all sovereign investor activity globally.

The Triple Mandate of SWFs

When you sit across the table from a Gulf SWF team seeking to raise capital or seal a partnership, you are negotiating with an institution carrying three overlapping mandates simultaneously.

First is **economic diversification**. These funds recycle hydrocarbon surpluses into tourism corridors, logistics hubs, manufacturing clusters, and advanced technology. Together, these investments form the operational backbone of Vision 2030 and similar national strategies. With this shift in perspective, a deal becomes infrastructure for national development.

Second is **energy pragmatism**. Even though it may appear contradictory, Gulf SWFs are simultaneously underwriting both energy transition and energy security. They hold stakes in LNG producers and renewable platforms, as well as in grids, storage, and other critical infrastructure. They are betting that the world will need a diverse energy mix for longer than pure climate models suggest, while positioning themselves to lead in whatever mix ultimately emerges.

Third is **investment diplomacy**. Acquiring board seats in technology companies, stakes in critical infrastructure, or holdings in sports franchises serves a clear geopolitical function. Even as current-account surpluses narrow, Gulf economies have accelerated foreign investment since 2023, using their sovereign vehicles to deepen ties and

“When you sit across the table from a Gulf SWF team, you are negotiating with an institution carrying three overlapping mandates simultaneously.”



hedge against a fragmenting world.

For anyone raising capital in this ecosystem, understanding the triple mandate is essential. Gulf SWFs seek returns but also national development outcomes, energy-security positioning, and diplomatic optionality. The art lies in making those objectives converge.

The Architecture of Gulf Sovereign Capital

January 2026 offers a case study. Sovereign investors deployed \$13.7 billion across 43 deals, which was slower than 2024–25. While headline watchers saw caution, the real story remained invisible to deal databases. In Abu Dhabi, authorities quietly rewired the sovereign ecosystem. A new L'IMAD fund was created with fresh leadership. ADQ's chief moved to L'IMAD, and ADQ's portfolio was transferred under the new structure. The result is a three-pole system. ADIA handles the global portfolio, Mubadala oversees industrial strategy, and L'IMAD focuses on domestic development. From the outside, deal flow paused. Once the dust settles, the system will be positioned to move quickly on large, strategic transactions. This represents a clear shift in the “architecture of power.”

Why This Matters

For policymakers, the Abu Dhabi reset serves as a reminder that design choices are critical. As more countries consider launching new sovereign vehicles or reshaping existing ones, the Gulf experience offers a clear lesson. The architecture of state capital, including who holds the levers, how mandates interlock, and how transparent the system is, will be as important as the sheer volume of assets in determining how this capital shapes markets over the next decade.

Laura Merlini, CAIA, CIFD
Managing Director, EMEA, CAIA Association

Money Maze Podcast

*Inspiring interviews with leading figures
from the world of business and finance.*

Putting people at the heart of alternative credit

Adapted from a Money Maze Podcast interview conducted by Simon Brewer with
Soraya Chabarek, President & CEO of Manulife | CQS Investment Management

In an interview with Simon Brewer on The Money Maze Podcast, Soraya Chabarek, President & CEO of Manulife | CQS Investment Management, sets out a leadership philosophy forged in hedge fund intensity, credit market cycles and a deep belief in people. Her remarks are candid, self-aware and consistently anchored in one core idea: progress comes from the “pursuit of the possible”.

Reflecting on the investors she worked alongside early in her career, Chabarek dismisses caricatures of difficult genius and instead highlights a shared mindset. “They don’t really see impossible. They see possible. This is absolutely possible. How can I get it done?” That orientation, she argues, drives innovation and resilience. Even if a trade or strategy ultimately proves unworkable, beginning from possibility rather than constraint fosters evolution. “If you’re always in pursuit of the possible, you are evolving, you’re getting better, and you are creating new revenue streams, new opportunities.”

Chabarek’s own route into alternatives was less preordained than opportunistic. Internships at HSBC

led to a graduate role and then to Pernal, where she entered the hedge fund world. Education was central: explaining strategies to end clients at a time when hedge funds were still opaque and frequently misunderstood. From there, a call from GLG’s Noam Gottesman proved transformational. The experience exposed her to the early architecture of what would later become the multi-strategy hedge fund model.

Yet if she learned the power of talent and ambition, she also observed the limits of “star culture.” A founder-led boutique may dazzle, but it is not inherently scalable. That lesson became critical when she joined CQS. Rather than seek to replicate a singular investment personality, she focused on institutionalising the platform, building repeatable processes and diversified teams. “It was very much built on that principle of how can we transform ourselves from one person to people, many people, a platform that works and is institutionally robust and process that’s repeatable.”

The result was the development of the Multi-Asset Credit strategy, designed in the zero-rate era to solve a practical client problem: income. At the time, pension





Est. 2020



March 2026

Money Maze Podcast

*Inspiring interviews with leading figures
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Continued:

funds were starved of yield. CQS responded with a diversified, institutional credit solution targeting cash plus 4-5 per cent. Today, multi-asset credit solutions account for \$10 billion of the firm's \$18.5 billion in assets, supported by a sizeable team investing across liquid and semi-liquid credit.

The subsequent sale to Manulife marked the next chapter. Negotiations lasted nearly 18 months, but for Chabarek the decisive factor was cultural alignment and investment autonomy. CQS retained its specialist credit focus while gaining the balance sheet and distribution strength of a global insurance group. Since completion, assets have grown from \$14 billion to \$18.5 billion, consultant ratings have been maintained and performance has remained in the first and second quartiles.

On private credit, Chabarek adopts a balanced stance. She acknowledges the swing in sentiment, from exuberance to skepticism, and stresses discipline. "Liquidity is paramount right now," she says. "I am just a little bit worried about the vast amounts of AUM that are flowing in that direction." More than half of the firm's activity remains in liquid credit, and her objective is straightforward: deliver income to portfolios while avoiding defaults.

Within private markets, CQS focuses primarily on what she calls "self-liquidating private assets," structures typically locked up for three to five years but generating substantial quarterly income that amortises capital over time. This differs from longer-duration private credit strategies reliant on forecasting corporate viability seven to ten years ahead.

Technology is another area where she tempers enthusiasm with realism. AI can accelerate research and automate data collection, but she remains skeptical about its ability to replace human judgement in underwriting credit. The decisive edge, she believes, lies in imagination and in spotting differences others miss, qualities that remain fundamentally human. "The whole point of human beings is they have imagination."

If one theme runs through the conversation, it is people. Chabarek still meets clients three or four times a week, despite the demands of leading an \$18.5 billion platform. Human connection is not simply a distribution tool; it is an information advantage and a

cultural anchor. During the pandemic, when markets were under severe stress, she and her partners called every client to explain portfolio positioning. In a six-to-eight week period, it was that transparency and conviction that helped attract roughly \$3 billion in inflows.

Leadership, in her telling, is also about focus. Rather than striving to be omniscient, she concentrates on

her strengths and delegates the rest. "Having a skill and homing that in and being the best at that, focusing on that, I think, is a formula to success." Surrounding herself with strong partners and empowering teams has allowed her to concentrate on strategy, culture and client relationships.

Five years from now, her benchmark for success is not merely AUM growth but durability. The objective is to ensure that CQS thrives on Manulife's

platform for decades, with the next generation of leaders carrying it forward. For Chabarek, performance matters but so is continuity, culture and the opportunity for colleagues and clients to prosper.

In a sector often defined by alpha and asset flows, Chabarek offers a different emphasis. Resilience built through cycles, platforms built through teams, and progress driven by a simple but demanding credo, always start from the possible.

[Click to listen to the full interview](#)

Manulife | CQS

Manulife | CQS, a company of Manulife Investment Management, is a multi-sector alternative credit manager. The firm has a 20+ year history of managing research-driven credit strategies over multiple market cycles, with core capabilities that span corporate credit (loans and bonds), asset backed securities, regulatory capital, collateralized loan obligations and convertible bonds. Our ambition is to continue to help investors achieve their goals across market cycles by selecting good quality credits and generating income. We are committed to building enduring partnerships with investors, generating long-term risk-adjusted returns and delivering high levels of service, tailoring mandates across a range of return objectives and risk appetites. For additional information, please visit cqs.com.

GUEST ARTICLES

From Access to Accountability: Crypto's Convergence with Institutional Private Markets

Andy Martinez, CEO & Founder, Crypto Insights Group

Crypto's early private markets were defined by access. Capital flowed to those closest to networks, protocols, and information asymmetries. Innovation outpaced structure, and participation was often driven by opportunity rather than underwriting discipline.

Today, the defining shift in crypto private markets isn't broader access or technological novelty, but accountability.

Private markets are sustained by repeatable standards. Capital can tolerate volatility, but it has difficulty tolerating structural ambiguity. As larger pools of capital evaluate crypto funds, active digital asset strategies, tokenized structures, and other blockchain-native investment vehicles, they're applying the same core principles that govern traditional private markets: independent administration, custody clarity, counterparty transparency, liquidity mapping, governance enforceability, and strategy-level visibility.

Crypto is increasingly converging toward these

institutional frameworks. The dispersion across managers reinforces the need for discipline. Return dispersion remains wide, and operational quality can vary significantly. Strategy labels like "market neutral," "multi-strategy," "yield," or "venture" often conceal meaningful differences in risk construction, liquidity assumptions, and capital formation mechanics. This is particularly visible across active digital asset strategies, where differences in market structure expertise, liquidity management, and counterparty discipline can materially shape outcomes. In markets where dispersion is high, underwriting rigor becomes non-negotiable.

This convergence toward structure isn't a rejection of crypto's technological foundations, but rather a maturation process. Traditional private markets developed institutional standards over decades through cycles of excess, correction, and reform. Crypto has experienced a similar cycle in compressed form. Counterparty failures, liquidity mismatches, governance breakdowns, and volatility shocks have



Today, the defining shift in crypto private markets isn't broader access or technological novelty, but accountability.

Andy Martinez, Crypto Insights Group



GUEST ARTICLES (cont.)

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Crypto's private markets are increasingly judged not on innovation in isolation, but on whether innovation can coexist with accountability.

Andy Martinez, Crypto Insights Group

stress-tested the ecosystem in under a decade. The result has been a faster institutionalization curve as allocators and managers alike recognize that durable capital requires enforceable standards.

At the same time, crypto's architecture introduces structural possibilities that traditional private markets did not grow up with. Blockchain-based systems operate on shared ledgers, programmatic settlement, and observable collateral flows. Tokenization enables fractional ownership, greater efficiency at scale, and potentially broader distribution. Smart contract infrastructure allows for programmable capital structures and automated compliance mechanisms. Even if these capabilities are not yet fully embedded in institutional workflows, the design space is fundamentally different.

While crypto private markets are converging toward traditional underwriting principles, they're doing so atop infrastructure that enables greater transparency and shorter information cycles. The availability of verifiable, high-frequency data has raised expectations around visibility and reporting. Institutions investing in custody platforms, settlement infrastructure, and tokenization frameworks are positioning around the possibility that blockchain-native architecture may

influence capital markets over time.

That influence shouldn't be overstated. Crypto hasn't yet reshaped traditional hedge fund or venture underwriting. But it has accelerated conversations around transparency, settlement efficiency, and capital mobility. It has demonstrated that even technologically novel asset classes must ultimately align with institutional governance standards if they are to attract durable capital.

The transition from fringe to framework, then, is not about legitimacy alone. Crypto's private markets are increasingly judged not on innovation in isolation, but on whether innovation can coexist with accountability. Responsible access now implies structured diligence, comparable reporting, counterparty clarity, and governance that can withstand stress.

If crypto ultimately succeeds in combining institutional discipline with programmable transparency, its influence may extend beyond digital assets themselves. What's clear today is that capital is evaluating crypto through the lens of opportunity, durability, and sustainability.

Andy Martinez, CEO & Founder, Crypto Insights Group



GUEST ARTICLES (cont.)

Controlling Technology Risk in Crypto

Jon Freedman & Richard Burgess, Quant Fin Ltd

If a finance team mistakenly wires \$1m to the wrong bank account, that money is not gone. There are established remedies, counterparty and legal frameworks designed to unwind the error. In a decentralised blockchain system, that safety net does not exist. Once a transaction is signed and broadcast, the funds are final. Recovery depends entirely on the recipient's willingness to return them. For an institutional investor, this distinction matters because operational risk has an owner. Accountability is between named individuals, governance committees, auditors and regulators. A crypto loss caused by a simple process failure isn't a market event, it's an institutional control failure. As digital assets move into treasury, settlement and collateral workflows, this shifts crypto risk out of P&L and into operational and reputational risk.



The likelihood is your firm's bank accounts have gone years without targeted attack, and most instances of misappropriated funds trace back to an internal fraudulent actor, a rogue trader or an executive stealing money. Traditional banking infrastructure is protected by friction, limited opening hours, human review, jurisdictional controls. Crypto infrastructure operates 24/7, settles instantaneously and exposes a global market with no undo button. This explains why crypto wallets are scanned continuously. Attacks are automated, global and cheap with over \$3.4bn stolen in 2025, \$2bn by North Korean state actors.¹

The weakest link is rarely the cryptography, it's people and processes. When you log into your work environment on a Monday morning, if you're in an office it may still just be a username and password. The rise of remote working has made multi-factor authentication (MFA) more common, originally using RSA keys, now with

¹ 2025 Crypto Theft Reaches \$3.5bn [link](#)



A crypto loss caused by a simple process failure isn't a market event, it's an institutional control failure.

Jon Freedman & Richard Burgess, Quant Fin Ltd

GUEST ARTICLES (cont.)

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Anyone with access to [crypto] funds should use a physical FIDO2 security key that cannot be shared or phished and companies should use multi-sig approvals across separate physical locations to ensure no single individual, device or office can unilaterally move funds.

Jon Freedman & Richard Burgess, Quant Fin Ltd

a smartphone app. Even these controls are now considered weak. Smartphone-based MFA can still be socially engineered. Anyone with access to funds should use a physical FIDO2 security key that cannot be shared or phished and companies should use multi-sig approvals across separate physical locations to ensure no single individual, device or office can unilaterally move funds. These controls exist because blockchain replaces trusted intermediaries with software. The burden of control shifts entirely onto internal processes.

As crypto becomes part of financial market plumbing - settlement, custody, collateral - the conversation must move away from ideology to operational resilience and governance discipline. Setting your firm up for success doesn't mean chasing innovation fastest, but treating blockchain like any other piece of critical infrastructure, with policies and procedures designed on the assumption that mistakes will happen,

and built to ensure they are survivable.

Jon Freedman & Richard Burgess, Quant Fin Ltd

Quant Fin works with capital markets buy-side firms, engaging directly with c-suite leadership to help scale their business without linear increases in fixed costs or technology slowing them down. Quant Fin helps firms review, enhance or even build their technology, which could be a mature firm looking for an experienced operator that's solved their current problems before; or a trusted advisor to provide an outside perspective on their current approach.



GUEST ARTICLES (cont.)

From Private to Inclusive Markets – How Tokenisation Is Driving Real Change in Global Investment Opportunities

Jesse Knutson, Head of Operations, Bitfinex Securities

Private markets have long been the lifeblood of growth-stage and mid-size businesses looking to scale. Private equity alone saw [\\$2.6 trillion](#) in deal value globally in 2025, up by almost a fifth on the year before.

Yet while private markets are seeing a resurgence, their infrastructure still belongs to a bygone era. Settlement cycles are long, liquidity is constrained, and investment opportunities are typically only available to a select few. Markets that finance innovation and economic expansion are themselves constrained by outdated systems. The mismatch is becoming increasingly difficult to ignore.

Rewiring private markets through tokenisation

Beyond the volatility and speculation often associated with digital assets, the underlying technology can

unlock financial infrastructure fit for the digital age.

Through tokenisation – representing securities as digital tokens on a blockchain – private markets can operate more efficiently. Smart contracts – the code underpinning digital assets – make asset transfers more streamlined and enable frictionless dividend payments. Compliance is also embedded with built-in whitelisting features.

In effect, tokenisation shifts private markets from fragmented, manual processes to streamlined, automated systems designed for scale.

Expanding access to global capital

The operational gains are only part of the story. Arguably, the most transformative impact of tokenisation in private markets is broadening access.

This is particularly pertinent for emerging markets where access to capital can be costly and constrained.



GUEST ARTICLES (cont.)

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...tokenisation shifts private markets from fragmented, manual processes to streamlined, automated systems designed for scale.

Jesse Knutson, Bitfinex Securities

The [Bitfinex Securities Latin America Market Inclusion Report](#) found that high start-up costs – with a capital raise of \$30-\$50 million incurring average fees of 7% – is a real barrier to growth. This, combined with regulatory complexity and low liquidity, make it extremely difficult for businesses to scale, with the ramifications of this being felt in the broader economy.

In this context, efficient private markets are vital, and tokenisation is already delivering impact. For example, ALTERNATIVE, a securitisation fund, has issued four tokenised bonds totalling \$6.2 million-equivalent on Bitfinex Securities since 2023. These have helped to fund SMEs in emerging markets, and since issuance have made 20 coupon payments for a total of more than \$1.1 million USDt, and there are more issuances in the pipeline. These tokenised bonds are providing investors with exposure to real-economy impact investments that might otherwise have been unavailable to them.

Tokenisation also means that a much wider group of investors can access the potential upside of scaling companies. Growth businesses are staying private for longer, with the median age of going public increasing to [11 years in 2025](#) from just under 7 years in 2014. This means only a very select few are able to capitalise on not just early-stage growth, but some of the most successful, mature and innovative companies in the world.

The combination of fractionalisation – offering smaller, more affordable

chunks of an asset – and baked-in compliance could open up these opportunities to retail investors. With stagnating interest rates in developed economies and rampant inflation in many Latin American and other emerging markets, individual investors have the appetite for high-yield opportunities, but are often locked out.

Tokenisation changes this, bridging the gap between opportunity and access in a responsible and compliant way.

From private to inclusive

For emerging and growth markets in particular, the efficiencies unlocked by tokenisation could be decisive. Where legacy infrastructure has historically constrained access to global capital, modern digital rails offer a more direct, transparent and cost-effective route to funding.

Tokenisation is therefore more than a technological upgrade. It lays the groundwork for a more connected and inclusive global investment landscape.

Jesse Knutson, Head of Operations, Bitfinex Securities

Jesse Knutson is the head of operations at Bitfinex Securities, where he is responsible for expanding the platform's issuance pipeline, overseeing distribution and building its user base while ensuring compliance with regulatory standards. Prior to this role, Knutson served as vice president of financial products at Blockstream, and held roles at prominent investment banks including Macquarie Group and Barclays.



GUEST ARTICLES (cont.)

How Tokenization is Reshaping Market Infrastructure Today

Duke Kim, Director of Institutional Solutions, Securitize Fund Services

“Crypto” has historically been shorthand for volatility and speculation, or worse. Institutional participants have previously sought to separate the technology from the emerging asset class; i.e., “blockchain not crypto”. And now, the technology and its blockchain-based assets have converged and emerged as an integral part not just of onchain capital markets, but simply, capital markets.

By “plumbing,” I mean the operational layer: issuance, transfer, settlement, collateral management, and reporting. Tokenization is driving that shift as onchain assets and workflows are being institutionally adopted, battle-tested, and regulated.

At its core, tokenization is the process of representing traditional financial assets — funds, treasuries, private credit, equities — as blockchain-based securities. Bringing securities onchain means the resultant digital asset security is *pari passu* with the traditional (real-world asset) security. What changes is how ownership is recorded, transferred, and integrated into existing capital markets workflows.

Today, investors globally hold roughly \$11 billion in tokenized U.S. Treasury funds and billions more

in tokenized private credit, managing these assets through custody accounts or self-custody wallets, with 24/7 liquidity in some instances, enabled by the removal of traditional intermediaries.

The practical implications are clear:

- **Faster settlement** Blockchain-based securities can settle instantly rather than T+2, reducing counterparty exposure and operational friction.
- **Improved collateral mobility** Tokenized fund shares can be pledged, financed, or used in structured pools with programmable controls, enabling increased capital efficiency.
- **Operational transparency** Ownership records update in real time, simplifying cap table management, transfer restrictions, and reporting.

Decentralized Finance (DeFi) enables the realization of the benefits now. Institutional-grade assets are being placed into permissioned “pools” to capture yield as tokenized assets are borrowed against by other KYC’d counterparties. Investors can “loop” their fund shares, mimicking prime brokerage onchain to optimize asset utilization within programmatically defined risk parameters. Managers are deploying tokenized



“...the technology and its blockchain-based assets have converged and emerged as an integral part not just of onchain capital markets, but simply, capital markets.”

Duke Kim, Securitize Fund Services

GUEST ARTICLES (cont.)

products that can interact directly with automated market infrastructure, such as vaults, which are smart contract-based investment strategies.

Margin compression is also a meaningful driver: The current post-trade stack in capital markets is layered, manual, and often geographically fragmented. Tokenized securities can compress issuance, transfer agency, investor verification, and settlement into a unified workflow. The result is not only time saved, but real reductions in reconciliation, operational overhead, and capital tied up in multi-day settlement cycles.

Most importantly, this evolution is not occurring outside the regulatory perimeter. U.S. policymakers have increasingly acknowledged tokenization as a legitimate modernization of market infrastructure. The Securities and Exchange Commission has issued guidance clarifying that tokenized securities remain securities, subject to existing laws, while also signaling openness to responsible innovation. In Europe, the DLT Pilot Regime provides a formal framework for tokenized trading and settlement systems. In Cayman, there is draft legislation currently under review that focuses specifically on tokenized fund products.

The message from regulators: “modernize responsibly.”

For LPs, GPs, and service providers, asset tokenization

may feel simultaneously evolutionary and revolutionary, and I believe both are true. Tokenization is transforming market infrastructure to the benefit of all participants.

For LPs, GPs, and service providers, tokenization may feel both evolutionary and revolutionary, and both descriptions are accurate. As issuance, settlement, collateral management, and reporting migrate onchain, the result is a more efficient, transparent, and programmable financial system that benefits all market participants.

Duke Kim, Director of Institutional Solutions, Securitize Fund Services

Securitize, the world's leader in tokenizing real-world assets with \$4B+ AUM (as of November 2025), is bringing the world onchain through tokenized funds in partnership with top-tier asset managers, such as Apollo, BlackRock, BNY, Hamilton Lane, KKR, VanEck and others. In the U.S., Securitize operates as a SEC-registered broker-dealer, SEC-registered transfer agent, fund administrator, and operator of a SEC-regulated Alternative Trading System (ATS). In Europe, Securitize is fully authorized as an Investment Firm and a Trading & Settlement System (TSS) under the EU DLT Pilot Regime, making it the only company licensed to operate regulated digital-securities infrastructure across both the U.S. and EU. Securitize has also been recognized as a [2026 Forbes Top 50 Fintech company](#).

For more information: [Website](#) | [X/Twitter](#) | [LinkedIn](#)



As issuance, settlement, collateral management, and reporting migrate onchain, the result is a more efficient, transparent, and programmable financial system that benefits all market participants.

Duke Kim, Securitize Fund Services

GUEST ARTICLES (cont.)

The Growing Crypto-TradFi Crossover

Martin Gaspar, Senior Crypto Market Strategist, FalconX

Bitcoin ETF volumes have climbed to roughly 50% of BTC spot volumes in recent weeks, a sign of how quickly the market's structure has shifted. Crypto trading, once dominated by spot exchanges, now runs through instruments long familiar to traditional finance: ETFs and a rapidly growing derivatives complex. That migration is bringing in new pools of capital while also importing the structural trends and trading dynamics of conventional markets.

For one, these TradFi vehicles are starting to have more of an impact, as seen during the largest crypto volume days in recent history. The selloff on October 10, 2025, was broad-based across cryptocurrencies, while the one on Feb 5, 2026, was largely in BTC. During the latter, IBIT volumes spiked to a record \$10.7B, 53% above October 10 volumes, while spot BTC volumes in aggregate were below October levels. The dichotomy demonstrates crypto is now part of traditional plumbing and likely will be increasingly impacted by it.

Crypto derivatives are also exploding. This was especially seen on the IBIT options front, which decisively flipped Deribit BTC options in notional open interest in 2025. BTC options notional open interest (~\$70B) was more than double its futures open interest (~\$30B) as of mid February, highlighting the institutionalization of this asset class.

This broader shift could accelerate, as wealth platforms increasingly target crypto allocations. Platforms such as BlackRock, Morgan Stanley, and Bank of America are suggesting up to a 4% crypto allocation. There are signs this is already showing up in flows, with newer ETF launches such as SOL, XRP, and LINK all consistently seeing inflows, despite turbulent markets. It indicates wealth advisors may be implementing the suggested allocations now that they finally have the tools available to them and their clients. Moreover, flows suggest these products are successfully attracting sticky capital.



Martin Gaspar, FalconX

GUEST ARTICLES (cont.)

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Crypto-native exchanges (Coinbase, Kraken, Binance) have moved into offering stock trading, while traditional brokerages move into crypto (Robinhood, Schwab, E-trade). This is playing out on-chain as well, with DEXes moving to offer markets on traditional instruments.

Martin Gaspar, FalconX

These trends coincide with a broader push in the finance space for platforms to be the “everything exchange”. Investors seem increasingly interested in having access to a full suite of asset classes or products at their fingertips. Crypto-native exchanges (Coinbase, Kraken, Binance) have moved into offering stock trading, while traditional brokerages move into crypto (Robinhood, Schwab, E-trade). This is playing out on-chain as well, with DEXes moving to offer markets on traditional instruments. Hyperliquid is a flagbearer in this regard, with its HIP-3 markets on equities and commodities reaching a record 20% of its total open interest as of early March. For the crypto industry, this means that the capital they are chasing may have a different profile than before.

Crypto will look very different in a few years. Investor profiles evolve along with new investment products that will have an impact on price action and activity. The more interesting question isn't whether crypto continues

to institutionalize, but rather what ends up running through those pipes.

Martin Gaspar, Senior Crypto Market Strategist, FalconX

Martin is a Senior Crypto Market Strategist at FalconX and has a background in conducting fundamental research and cryptocurrency analysis. Martin previously held research positions at Menai, CrossTower, and Wells Fargo Securities. He has a passion for crypto and has followed the space extensively since 2012. Martin holds a BA from Colorado College, where he graduated with Distinction in Economics.



REGULATIONPresented by  **RQC GROUP****UK**

Consumer Duty board reports: good practice and areas for improvement, updated insights for smaller firms

The FCA has updated its [webpage](#) that sets out good practice and areas for improvement for Consumer Duty board reports.

The updates provide additional insight on how smaller firms can meet the requirements. Whilst all firms should be able to monitor customer outcomes, take actions and implement

a business strategy that aligns with the Duty to ensure those outcomes are good, the FCA acknowledges that smaller firms have particular challenges and oftentimes a proportionate – but effective – approach is appropriate.

Appointed Representatives regime: HM Treasury consults

On [12 February 2026](#), HM Treasury launched a [consultation](#) canvassing views on its proposals to revise the Appointed Representatives' ("AR") legislative framework. Following prior regulatory activity, notably HM Treasury's August 2025 [Policy Statement](#), this regime has been on the regulators' radar for some time.

The consultation states that there are currently around 34,000 ARs operating under around 2,400 authorised firms.

The Appointed Representatives regime plays a vital role in the supply of financial services, offering firms a route to markets without the regulatory burden and cost of becoming authorised; and for consumers, enhanced customer choice. However, as the August 2025 [Policy Statement](#) explains, the government fears that poor oversight by some principals is putting consumers at risk. It declares its intention to deploy *"targeted and proportionate reforms to shore up confidence in the use of Appointed Representatives so that businesses and consumers can benefit from the regime well into the future."*

To address these concerns, HM Treasury's consultation has made a number of key proposals:

- **Prior FCA permission required** for prospective principal firms wishing to take on ARs. A new regulatory gateway for such firms would give the FCA a specific mechanism to scrutinise prospective principals and ensure they are suitable. The government intends to model this new permissions regime on Financial Services and Markets Act 2000 [section 55NA](#), which establishes the permission regime for authorised persons wishing to approve the financial promotions of non-authorised persons. Existing principal firms would be deemed to have FCA permission, although this may be varied or withdrawn.
- **Extending complainants' access to the Financial Ombudsman Service ("FOS")**, where the authorised

firm is not responsible for the issue (for example, an AR acts outside the scope of activities for which the principal accepts responsibility). This should ensure consistent access to the FOS for all consumers of regulated financial services, whether dealing with an authorised firm or an AR. The FOS would continue to handle complaints about an AR by investigating the principal firm but in cases where the principal firm cannot be held responsible, the FOS would have jurisdiction to consider the complaint against the AR directly and if upheld, to direct any appropriate redress measures to the AR. HM Treasury clarifies that the proposed reform should not affect or diminish principal firms' duties to control and oversee their ARs.

- **Bring ARs within scope of the Senior Managers and Certification Regime ("SMCR")**, better aligning them with the framework applying to authorised firms. The government believes ARs, as well as principals, should operate under the same conduct, fitness and propriety and accountability frameworks. This should make it easier for principals to ensure their ARs meet appropriate standards and establish a level playing field for all firms carrying on regulated activities; and
- **Setting out in FCA rules** all the detailed requirements applying to the contractual relationship between principals and their ARs, and **including ARs in the Financial Services Register**.

This consultation on proposed changes to the Appointed Representatives legislative framework invites views until 9 April 2026.

REGULATION (cont.)Presented by  **RQC GROUP**

Rules for reforming the UK securitisation framework

On [17 February 2026](#), the FCA launched a consultation, [CP26/6](#), on proposed changes to the UK securitisation rules, including to simplify the due diligence and transparency requirements. The Prudential Regulation Authority also launched [CP2/26](#), Reforms to securitisation requirements. This simplification and streamlining of rules and regulatory approach aims to remove unnecessary costs, while maintaining high standards to support market integrity and innovation, as well as the competitiveness of UK financial services.

The FCA's consultation is for authorised firms involved in securitisation markets as institutional investors or manufacturers, unauthorised entities acting as original lender, originator or Securitisation Special Purpose Entity ("SSPE") of a securitisation to which the [SECN](#) rules apply, individuals with responsibility for firms involved in securitisation markets, and UK securitisation repositories.

Notably, the consultation enumerates proposals to simplify due diligence requirements, recognising that sophisticated institutional investors are capable of informed decisions about investment risks, and are subject to internal governance, risk frameworks and regulatory oversight

requirements. Prescriptive due diligence requirements may therefore be duplicative and disproportionate.

Other proposals aim to streamline transparency requirements placed on manufacturers, while still providing comprehensive information for the protection of investors. Chapter 4 proposes changes to the transparency requirements and the regulator has included the underlying exposures templates it proposes to use, duly marked up against the Bank of England loan-level templates, to help market participants understand the proposals in more detail.

The regulator claims these proposals should make the securitisation rules more proportionate, reduce barriers to issuing and investing in securitisations, maintain protections for investors and offer a clearer framework for market participants.

This consultation closes on Monday 18 May 2026. The FCA expects to publish its final rules in H2 2026, and the PRA proposes Q2 2027 for implementing the changes.



Sustainability Disclosure Requirements labels: good and poor practice

The FCA has published a [webpage](#) setting out examples of good and poor practice when using labels under the Sustainability Disclosure Requirements ("SDR") regime.

Implemented in 2024, the labelling regime is a voluntary framework that seeks to improve transparency and equip consumers with information to navigate the market.

Generally, the FCA found that applications to update pre-contractual disclosures have improved as firms have

become more familiar with the requirements and the number of labels on the market has increased. However, it is not always clear whether or how firms meet the labelling requirements, or whether disclosures accurately reflect what the fund invests in.

The FCA sets out good and poor practice for the four label types: sustainability focus; sustainability improvers; sustainability impact; and sustainability mixed goals.

REGULATION (cont.)Presented by  **RQC GROUP****US**

SEC issues first major update to Enforcement Manual since 2017, signalling stronger focus on fairness, transparency and efficiency

On February 24 2026, the US Securities and Exchange Commission (“SEC”) [released](#) significant revisions to its Enforcement [Manual](#), marking the first comprehensive update in nearly a decade and establishing a new expectation of annual reviews going forward. The revisions reflect the SEC’s stated commitment to fairness, transparency, and procedural consistency in enforcement investigations.

According to the SEC, the updated manual is designed to enhance consistency in investigative practices, improve the efficiency of enforcement processes, and strengthen investor protection by ensuring staff operate under clearer, more uniform procedural expectations. SEC Chair Paul S. Atkins described the update as a “long-overdue step” that modernises the agency’s approach while helping ensure its processes remain current and effective.

Key enhancements to the Wells Process

One of the most consequential sets of changes relates to the Wells process, which allows potential respondents to respond to prospective enforcement actions before formal charges are recommended.

Longer timeframes & greater clarity

The revised manual provides:

- **Four weeks for Wells submissions**, establishing a more predictable and uniform timeline.
- **Wells meetings scheduled within four weeks** of a submission, with participation from senior division leadership.

This shift underscores the agency’s focus on thoughtful engagement and better-informed decision-making. Outside commentators note that the manual also formalises expectations that staff will provide probative evidence from the investigative file to Wells recipients, supporting more meaningful advocacy.

Increased oversight

The new manual introduces additional internal approvals before a Wells notice may be issued. Enforcement staff must now secure approval from both an Associate Director and the Office of the Director, increasing oversight of potential enforcement actions.

Simultaneous consideration of settlements and waivers

The updated manual reinstates and clarifies the SEC’s

practice of **considering settlement offers and related waiver requests at the same time**. This allows parties to understand the full regulatory consequences of a negotiated settlement—including automatic disqualifications—before agreeing to terms.

This procedural alignment is particularly significant for regulated firms, for whom the availability of waivers can materially affect business operations. The manual’s clarification has been welcomed by practitioners as improving predictability during enforcement negotiations.

Expanded guidance on cooperation credit

The revised manual adds greater detail on how staff will evaluate cooperation by individuals and entities. This includes clearer articulation of the factors that may influence charging decisions or penalty outcomes. The goal is to encourage earlier and more meaningful cooperation with enforcement staff.

This consolidation of cooperation criteria into a single, coherent framework marks a helpful development for firms seeking more transparency around the potential benefits of proactive engagement.

Enhanced transparency and objectivity in action memo process

Another notable change is the requirement that enforcement staff draft action memoranda with a “**comprehensive and objective**” analysis, including:

- Factual and legal foundations,
- Key evidentiary issues and litigation risks, and
- Responses to arguments raised in Wells submissions or white papers.

White papers must now generally be provided to the Commission, ensuring that defence arguments are more directly considered during charging deliberations.

What these changes mean for regulated entities

Collectively, these updates reflect an SEC-wide effort to bolster procedural fairness during investigations while maintaining rigorous enforcement capabilities. For regulated firms and individuals, the changes mean:

- **More predictable and transparent investigative processes**, particularly around Wells notices.
- **Greater opportunity for engaged dialogue** with SEC

REGULATION (cont.)Presented by  **RQC GROUP**

staff earlier in an investigation.

- **Better visibility of enforcement risks** through enhanced evidence disclosures and clearer cooperation credit pathways.
- **More balanced internal SEC deliberations**, thanks to the strengthened requirements for objectivity in staff recommendations.

With the agency now committed to annual updates, stakeholders should expect the Enforcement Manual to continue evolving to reflect enforcement priorities, emerging risks, and practical experience under the new framework.



SEC issues joint statement on tokenized securities

On January 28, 2026, the SEC's Divisions of Corporation Finance, Investment Management, and Trading and Markets issued a joint [statement](#) providing clarity on the taxonomies associated with tokenized securities, and how existing federal securities laws apply to them. The SEC stresses that tokenization is a change in *format and recordkeeping*, not in legal substance. It does not change the legal status of a security—substance prevails over form. Whether issued by the original issuer or by a third party, tokenised securities remain subject to the same registration, disclosure, trading and investor protection requirements as traditional securities.

The SEC defines a tokenized security as any instrument already meeting the statutory definition of a security—such as stocks, bonds, notes, or security-based swaps—that is formatted as or represented by a crypto asset, with ownership recorded partially or entirely on a blockchain or other crypto network.

Two primary categories are identified:

- Issuer-sponsored tokenized securities – issued directly by the security's issuer using distributed ledger technology (“DLT”) to maintain ownership records.
- Third-party-sponsored tokenized securities – where an

unaffiliated entity tokenizes an existing security, either by holding the underlying asset (custodial model) or offering synthetic exposure (synthetic model).

Key compliance messages

1. No change to legal obligations

The SEC reiterates that federal securities laws apply in the same way to tokenized and traditional securities. Changing the recordkeeping format (e.g., on-chain vs. off-chain) does not affect registration, exemption eligibility, disclosure, reporting or governance requirements.

2. Issuer-sponsored tokenization

Issuers may:

- Integrate DLT into the master securityholder file so that on-chain transfers update official ownership records, or
- Use tokens as instructions to update traditional off-chain records.

A single class of securities can exist in multiple formats (tokenized and non-tokenized), and holders may be able to convert between formats.

REGULATION (cont.)Presented by  **RQC GROUP****3. Third-party tokenization risks**

The SEC highlights elevated risks and compliance considerations when tokenization is performed by unaffiliated third parties, especially in:

- Custodial models – where tokens represent entitlements in securities held by the third party.
- Synthetic models – where tokens provide economic exposure to a reference security (e.g., via structured notes, linked securities or security-based swaps), which remain fully subject to the security-based swap regime. The statement offers important guidance on when tokenised instruments trigger security-based swap requirements and raises questions about multi-class issues for registered funds under the 1940 Act.

4. Economic reality controls

Regardless of technology or labelling, instruments must be analyzed based on economic reality, not the format of recordkeeping. Tokenized instruments remain securities if they meet the statutory definition.

The legal classification depends on economic reality and rights conveyed, not labels or technology.

Practical takeaways for compliance teams

- Assess whether any tokenized product offered by a third party poses additional custodial, operational or synthetic exposure risks.
- Verify that any tokenization initiative—whether issuer- or third-party-sponsored—aligns with the Securities Act, Exchange Act, and Investment Company Act requirements.
- Educate internal stakeholders that tokenization changes technology, not regulatory obligations.

While the format in which a security is issued – tokenised or traditional – does not affect the application of the federal securities laws, the statement acknowledges that the method used to tokenise a security may impact the rights and privileges that are conveyed to token holders and may lead to the issuance of a separate security that is subject to a specific regulatory framework. These differences may have downstream consequences, including tax treatment and withholding consequences to owning the tokenised security.

For asset managers, this guidance reduces uncertainty but reinforces that compliance obligations follow the security, not the technology. Managers engaging with tokenized products must carefully assess structure, counterparty risk, custody, eligibility of investors and market infrastructure to ensure alignment with securities, derivatives and trading rules.



REGULATION (cont.)

SEC charges Illinois investment adviser for breaching its fiduciary duty and contravening its disclosures

On February 25 2026, the SEC [announced](#) settled charges against an Illinois-based formerly registered investment adviser for selling loans to private fund clients (“the Funds”) without reasonably assessing whether those trades were at fair market value. This contravened its obligations under its advisory agreements and representations to investors.

The SEC’s order states that the firm originated certain senior loans for private equity sponsors who were acquiring lower-middle market companies and sold portions of those loans to the Funds, typically after holding them for thirty to sixty days. The SEC’s order found that the Funds’ advisory agreements and investor disclosures stated that the firm would price the principal transactions at fair value as the firm would reasonably determine. Per the order, the firm’s actual practice was to use the par value of the loans less the unamortized loan fee as the fair market value and sale price of these recently originated loans. The order also finds that between March 2020 and May 2020, at the outset of

the coronavirus pandemic and during a disruption in the financial markets, the firm continued to sell performing loans it originated before the market disruption but failed to determine the effect of the market disruption on these loans’ fair market value. For this reason, according to the SEC order, the firm breached its fiduciary duty to the Funds and failed to act in accordance with its investor disclosures.

The SEC’s order finds that the firm violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940, and Rule 206(4)-8 thereunder. Without either admitting or denying these findings, the firm agreed to pay a \$900,000 penalty to the SEC and also agreed to a censure and cease-and-desist order.

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