

Springing Into a New SEC: What Investment Advisers Should Know About the New Reg Flex Agenda

September 10, 2025

The Securities and Exchange Commission's [Spring 2025 Regulatory Flexibility Agenda](#) (the "Spring 2025 Reg Flex Agenda"), which is the first under new Chair Paul S. Atkins, is further evidence of the SEC's recalibration of priorities for asset management regulation.

As expected, the Spring 2025 Reg Flex Agenda is narrower in scope and more deregulatory in orientation than the Fall 2024 list. The [Fall 2024 Regulatory Flexibility Agenda](#) (the final agenda under former Chair Gensler) included many expansive, adviser-focused rulemakings, including proposals relating to the safeguarding of advisory client assets, predictive data analytics, outsourcing by advisers and ESG disclosure, some of which were in the final rule stage. Those have all virtually disappeared in the Spring 2025 Reg Flex Agenda, which carries over only four items from the Fall 2024 list: foreign private issuer eligibility; amendments to the Rule 144 safe harbor; Financial Data Transparency Act joint data standards; and customer identification programs for registered investment advisers and exempt reporting advisers. We anticipate, however, that even these carryover items will be viewed by the Atkins SEC through a different and more industry-friendly lens.

Of particular note for investment advisers are four new items on the Spring 2025 Reg Flex Agenda for proposed rulemaking: amendments to Investment Company Act Rule 17a-7 (the cross trading rule); amendments to the custody rules under the Investment Advisers Act and the Investment Company Act; amendments aimed at reducing disclosure burdens; and a broad initiative to update the exempt offering pathways to facilitate private investment. Each of these is categorized in the Spring 2025 Reg Flex Agenda as a "deregulatory" rulemaking, in accordance with President Trump's Executive Order 14192 "Unleashing Prosperity Through Deregulation."¹ The Spring 2025 Reg Flex Agenda sets a target of April 2026 for notices of proposed rulemaking on each of these four items, which are described in more detail below.

¹ <https://www.federalregister.gov/documents/2025/02/06/2025-02345/unleashing-prosperity-through-deregulation>.

Amendments to Rule 17a-7: Toward a Modernized Cross-Trading Rule

Section 17(a) of the Investment Company Act prohibits any affiliated person of a registered fund, or any affiliated person of such a person, from knowingly selling securities to, or purchasing securities from, the fund. Several rules under Section 17(a) exempt certain transactions from this prohibition, including Rule 17a-7, which allows affiliated funds to trade with one another to avoid paying costs that each would otherwise incur if transacting on the open market, provided certain conditions are satisfied. However, under the current rules and guidance, in order to be eligible for cross trading the security must have a “readily available market quotation,” which significantly limits a registered fund’s ability to cross trade fixed-income securities. Industry participants have long sought regulatory changes that would make fixed-income cross trading easier, with appropriate guardrails to preserve investor protection.² It is unclear whether fixed-income trading will be the focus of any amendments to the rule, as the Spring 2025 Reg Flex Agenda more generally notes the SEC’s intention to “modernize the conditions for and expand the availability of the exemption of certain purchase or sale transactions between an investment company and certain affiliated persons.” Guardrails to any modernization to the rule could include independent pricing, governance and related documentation – areas investment advisers may wish to examine in anticipation of changes to the rule.

Amendments to Custody Rules: Changing Course from the 2023 “Safeguarding” Proposal

On June 12, 2025, the Atkins SEC formally withdrew 14 outstanding rule proposals,³ including the prior Safeguarding Advisory Client Assets proposal, which was first issued in 2023 but brought back to the proposed rule stage in the Fall 2024 Reg Flex Agenda. The Safeguarding Advisory Client Assets proposal would have broadened the application of the Advisers Act custody rule to cover a wider range of assets and expanded regulation of the relationship between an adviser and a custodian.⁴ In connection with the withdrawals, the Atkins SEC stated that it would issue new proposals where appropriate.

It appears that custody is one of the areas where the SEC intends to take a fresh look. The Spring 2025 Reg Flex Agenda states that the SEC will consider amendments to

² See, e.g., Letter from Investment Company Institute to The Honorable Paul S. Atkins, [Recommendations and Additional Support for Amending Rule 17a-7 to Permit Cross Trading of Fixed-Income Securities](#) (Aug. 7, 2025).

³ <https://www.federalregister.gov/documents/2025/06/17/2025-11110/withdrawal-of-proposed-regulatory-actions>.

⁴ See <https://www.debevoise.com/insights/publications/2023/05/spring-roundup-of-crucial-us-regulatory>.

existing custody rules and/or proposals of new rules under both the Advisers Act and the Investment Company Act to “improve and modernize the regulations around the custody of advisory client and fund assets,” including crypto assets.

We expect that any proposed changes in this area will be much narrower than the 2023 Safeguarding Rule proposal and will focus on clearer and friendlier treatment of crypto and other nontraditional assets. The day after the Spring 2025 Reg Flex Agenda was released, Chair Atkins issued a joint statement with CFTC Acting Chair Pham⁵ in which they stated both agencies are open to changes that would explicitly permit “peer-to-peer trading of spot, leveraged, margined, or other transactions in spot crypto assets, including derivatives such as perpetual contracts, over DeFi protocols,” and went on to state that “the right to self-custody one’s assets is a core American value.”

A number of other items on the Spring 2025 Reg Flex Agenda would also impact crypto investing either directly or tangentially, in furtherance of the goals of the SEC’s new Crypto Task Force and Project Crypto. In his statement on the Spring 2025 Reg Flex Agenda,⁶ Chair Atkins reiterated that a key priority of his tenure is instituting “clear rules of the road for the issuance, custody, and trading of crypto assets while continuing to discourage bad actors from violating the law.”

Rationalization of Disclosure Practices: Refocusing on “Materiality”

The Spring 2025 Reg Flex Agenda states that the SEC is considering recommendations to “rationalize disclosure practices to facilitate material disclosure by companies and shareholders’ access to that information.” Although this appears to be primarily focused on reducing disclosure and compliance burdens on public companies, any new guidance regarding materiality may have knock-on effects for investment advisers and funds. These could include direct effects on what is considered “material” with respect to adviser and fund disclosure obligations, as well as impacts on the quality, timeliness and comparability of portfolio company information that advisers rely on for diligence, valuation, proxy voting and risk management.

Updating Exempt Offering Pathways: Opening Access to Private Investing

Another more opaque item on the Spring 2025 Reg Flex Agenda is the SEC’s intention to propose amendments that would “facilitate capital formation and simplify the pathways for raising capital for, and investor access to, private businesses.” While the

⁵ <https://www.sec.gov/newsroom/speeches-statements/joint-statement-atkins-pham-090525>.

⁶ <https://www.sec.gov/newsroom/speeches-statements/atkins-2025-regulatory-agenda-090425>.

scope here is unclear, on its face this would seem to be a broader initiative than the “Regulation D and Form D Improvements” item that was dropped from the Fall 2024 Reg Flex Agenda. Such a proposal could include not only amendments to Regulation D, but also Section 4(a)(2) of the Securities Act, Regulation A, Regulation Crowdfunding or some combination of the foregoing. Notably, the Staff updated its Compliance and Disclosure Interpretations related to exempt offerings in March 2025, signaling Staff focus on this initiative in advance of proposed rulemaking.⁷

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The Spring 2025 Reg Flex Agenda confirms market expectations that the Atkins SEC’s regulatory efforts will focus largely on deregulation and actualization of its “plan for crypto market primacy.”⁸ For investment advisers, this will come as a welcome respite from the barrage of regulations aimed at the funds industry under the prior administration. The cross trading, custody and exempt offering items on the new agenda indicate that some affirmative relief from existing regulation is on the horizon, although it is unclear whether other items, such as the disclosure rationalization project, will be a net win for advisers.

Please do not hesitate to contact us with any questions.

⁷ <https://www.sec.gov/rules-regulations/staff-guidance/compliance-disclosure-interpretations/securities-act-rules>. For an explanation of these updates, see the section titled “SEC Updates Compliance and Disclosure Interpretations on Exempt Offerings” in our April 2025 Debevoise Digest: Securities Law Synopsis available [here](#).

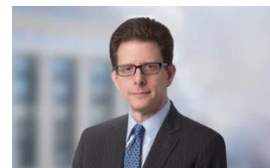
⁸ <https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125>.



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