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OPTIMA NEWSLETTER

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NOVEMBER 10
2026

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Upcoming Regulatory Deadlines

- NOVEMBER 16, 2026 | QUARTERLY FORM 13F
- NOVEMBER 27, 2026 | LARGE HEDGE FUND ADVISER QUARTERLY FORM PF

Upcoming Events

Hedge Fund COO Summit Middle East

DUBAI, UAE | NOVEMBER 11–12, 2026 | LEARN MORE

Optima Partners is pleased to sponsor the 2026 Hedge Fund COO Summit Middle East in Dubai, where Director Praveer Pinto will be speaking and Partner and Head of UAE Benjamin O-Danso will be attending. Hosted by With Intelligence in partnership with the Dubai International Financial Centre, the invitation-only summit brings together senior hedge fund COOs, CFOs and operational leaders for a welcome reception and a full day of discussion and networking. Sessions will address the operational, regulatory and commercial realities of running a hedge fund in the region, including raising regional capital, fund structuring, the maturity of the local service-provider ecosystem and a regulatory update from the DFSA. Optima looks forward to sharing practical perspectives and connecting with managers establishing or expanding their presence in the Middle East.

Breakfast Roundtable on Governing AI: What Should an SEC-Registered Investment Manager Have in Place?

NEW YORK, NY | DECEMBER 4, 2026 | 8:00 AM ET | REGISTER HERE

Optima Partners, Clarier.ai and Guzman Advisory Partners are hosting an exclusive breakfast roundtable at the New York Athletic Club on how SEC-registered investment managers should govern the use of artificial intelligence across their businesses. Speakers include Adam Reback, Partner at Optima Partners, Brian Guzman, Founder of Guzman Advisory Partners, and Adam Pfefer, Founder of Clarier.ai, who will combine compliance, advisory and technology perspectives on the policies, controls and evidence firms should have in place. Discussion will cover identifying approved and unapproved AI tools, approval processes and risk-based vendor due diligence, safeguarding confidential fund, investor and portfolio-company information, and maintaining evidence of oversight and management accountability. Places are limited, so early registration is encouraged.

Regulatory Updates

SEC Expands Small Entity Definitions for Advisers and Funds

SOURCE | SEC | READ MORE

On November 4, 2026, the SEC adopted amendments expanding its small-entity definitions for investment advisers, registered investment companies and business development companies under the Regulatory Flexibility Act. The amendments raise the adviser regulatory assets under management threshold from $25 million to $1 billion and the fund net asset threshold from $50 million to $10 billion, subject to applicable control and aggregation criteria, and provide for inflation adjustments every 10 years. They also amend Form ADV and eligibility for the continuing hardship exemption from electronic filing. The amendments take effect 90 days after publication in the Federal Register. Advisers should assess their revised small-entity status and related Form ADV reporting and hardship-exemption eligibility.

CFTC Confirms Pathway for Equity Perpetual Futures

SOURCE | CFTC | READ MORE

On November 3, 2026, CFTC Chairman Michael S. Selig confirmed that perpetual futures on individual equities (“Equity Perps”) may begin trading on designated contract markets that are also SEC notice-registered national securities exchanges authorized to trade security futures. Equity Perps were deemed approved by the CFTC pursuant to CFTC Regulation 40.3, as security futures products under the Commodity Futures Modernization Act of 2000. The contracts are thus subject to the applicable requirements of the Commodity Exchange Act, the U.S. Federal securities laws, and the regulatory frameworks of both the CFTC and the SEC. The statement does not create a blanket authorization for all exchanges or specify contract, margin or intermediary requirements. Investment managers considering these products should verify venue eligibility and assess mandate, valuation, liquidity and risk controls before trading.

FinCEN Updates FATF High-Risk and Increased-Monitoring Jurisdictions

SOURCE | FINCEN | READ MORE

On October 30, 2026, FinCEN reported that FATF had removed Bulgaria, Côte d'Ivoire, the Democratic Republic of the Congo and Monaco from increased monitoring, while Iran, North Korea and Burma remained subject to heightened measures. Delisting does not automatically justify reduced controls, and existing U.S. sanctions and correspondent-account requirements remain applicable. Investment managers and affiliated broker-dealers should update country-risk assessments while avoiding indiscriminate de-risking.

Regulatory Updates

FCA Moves Fund Applications and Notifications Online

SOURCE | FCA | READ MORE

On October 23, 2026, the FCA published the Fund Reporting for Asset Management Entities Instrument 2026 in Handbook Notice 145, following its approval by the FCA Board on October 22, 2026. Annex B took effect on November 2, 2026, introducing changes to the Collective Investment Schemes sourcebook ("COLL," which is a dedicated manual within the FCA Handbook that establishes the rules and regulatory framework for authorized investment funds (such as mutual funds, unit trusts, and open-ended investment companies in the UK) relating to authorized fund applications. The remaining provisions take effect on February 1, 2027, requiring specified AIFM applications and notifications to move from email or post to Connect, including forms relating to new funds, material changes, assets-under-management threshold breaches, SEF and RVECA matters, and delegation changes. Affected managers should confirm that relevant staff have Connect access and update filing procedures before the applicable commencement date.

Artificial Intelligence in UK Financial Services

SOURCE | BOE / FCA | READ MORE

On October 26, 2026, the Bank of England and FCA published survey findings showing continued growth in artificial intelligence adoption alongside weaknesses in third-party oversight and post-deployment monitoring. Only 35% of highly critical, hard-to-substitute cloud and compute relationships had tested exit plans, while firms frequently relied on vendor assurances for high-materiality systems. Investment managers using AI should ensure inventories capture embedded and third-party tools and that material systems are subject to ongoing monitoring, incident planning and tested exit or substitution arrangements.

Fair Value in Consumer Finance

SOURCE | FCA | READ MORE

On October 29, 2026, the FCA published findings identifying weak evidence in fair-value assessments, insufficient analysis of outcomes across customer groups and inadequate monitoring of repeat or cumulative charges. Although focused on consumer finance, the findings reinforce that firms must assess total customer costs against benefits and demonstrate that remedial action improves outcomes. Investment managers with products or services subject to the "Consumer Duty" should ensure their value assessments use sufficiently granular data, including for vulnerable customers and different pricing groups. The Consumer Duty sets high standards of protection for retail consumers across financial services and requires firms to put their customers' needs first.

Regulatory Updates

Streamlining the UK EMIR Intragroup Regime

SOURCE | FCA | READ MORE

On November 3, 2026, the FCA published PS26/21, finalizing a permanent and streamlined process for intragroup clearing and margin exemptions under UK EMIR. The FCA strongly encourages firms seeking a new exemption under the current regime to submit notifications before December 5, 2026, to allow processing before the regime expires; firms planning to submit between December 5 and 31 should contact the FCA. Existing qualifying exemptions will continue when the new regime takes effect on January 1, 2027. Investment managers using intragroup derivatives should confirm that existing exemptions remain eligible and prepare to submit new notifications through FCA Connect from the effective date.

New FCA Rules for ESG Rating Providers

SOURCE | FCA | READ MORE

On November 3, 2026, the FCA finalized rules bringing UK ESG rating providers within its regulatory perimeter, including requirements covering transparency, governance, systems and controls, conflicts of interest and engagement with users and rated entities. Authorization applications open on June 24, 2027, and in-scope providers must be authorized by June 29, 2028. Investment managers should determine whether any internally produced ESG assessments fall within scope and verify that external providers have appropriate authorization plans and continuity arrangements.

ESMA Signals Outcomes-Focused Investor Protection

SOURCE | ESMA | READ MORE

On November 4, 2026, ESMA Chair Carlo Comporti said investor protection should be assessed by actual customer outcomes rather than disclosure and procedural compliance alone. He highlighted the influence of product rankings, prompts, notifications and transaction speed in digital distribution and supported tools such as consumer testing, behavioral studies and mystery shopping. Investment managers involved in retail product design or distribution should be able to evidence that communications are understood, products reach their intended markets and digital journeys do not inappropriately steer investors.

Regulatory Updates

SFC Survey Highlights Wider AI Adoption and Challenges to Responsible Scaling

SOURCE | SFC | READ MORE

On November 2, 2026, the SFC published its Large Firm AI Readiness Survey, covering 20 large financial firms and 78 affiliated licensed corporations in Hong Kong. Thirty percent of surveyed firms were using agentic AI and 25% were piloting it, while 95% expected their AI use to accelerate over the following year. Key challenges included technology integration, data constraints, skills shortages and extending governance across expanding applications. The SFC identified investor protection, cybersecurity and operational resilience, effective AI governance, and capability development as priorities. Firms should review whether their controls maintain clear accountability and human oversight as AI use expands.

2026 AI Survey Highlights Governance and Third-Party Dependencies

SOURCE | DFSA | READ MORE

On November 2, 2026, the DFSA reported that 71% of surveyed authorized firms used AI, up from 52% in 2025; 61% of AI adopters reported an AI governance framework, while 41% maintained an inventory of use cases. Third-party applications and cloud infrastructure were prominent, increasing the importance of vendor oversight, data security and business continuity. These are survey findings, not new binding rules, but the DFSA says they will inform risk-based supervision and technology and cyber-risk self-assessments. Compliance teams should reconcile their AI use-case inventory with outsourcing, access-control and incident-response arrangements, including AI used for fund operations, investment research and client servicing.

Cyber Resilience Paper Examines Frontier and Agentic AI

SOURCE | DFSA | READ MORE

On October 30, 2026, the DFSA and Cambridge Digital Innovation and Regulation Initiative published an insights paper on how frontier and agentic AI may affect cyber resilience in financial services. The paper considers systems that can access connected tools and take delegated actions, raising questions about authorization, operational safeguards and oversight. It is an analytical publication rather than a new rule or consultation. Compliance and technology teams should identify any agentic AI deployments, confirm human accountability and access restrictions, and test incident escalation and third-party dependencies. Buy-side firms should pay particular attention to tools touching portfolio data, trade workflows, valuation processes and client information.

Regulatory Updates

Animoca Asset Management Receives Permission to Manage Collective Investment Funds

SOURCE | ANIMOCA BRANDS, VIA ADGM | READ MORE

On November 2, 2026, an announcement hosted by ADGM stated that Animoca Asset Management (AD) Limited had received FSRA Financial Services Permission to conduct the regulated activity of Managing a Collective Investment Fund in or from ADGM. This is a firm-specific authorization, not a change to the funds rulebook; ADGM labels the release an external communication rather than its own official announcement. For sponsors contemplating digital-asset strategies, it illustrates the importance of identifying the correct regulated activity and securing permission before managing a fund. Compliance teams should compare proposed mandates, fund documents, custody arrangements and marketing plans against their actual permissions rather than inferring permissions from another firm's approval.

FSRA Issues Travel Rule Notice for Virtual Asset and Fiat-Referenced Token Transfers

SOURCE | ADGM FSRA | READ MORE

On October 28, 2026, the FSRA listed Financial and Cybercrime Prevention Notice No. 206 of 2026 concerning transfers of Virtual Assets and Fiat-Referenced Tokens and the Travel Rule. Firms conducting transfers should obtain the notice, map their originator and beneficiary information flows, and assess whether transfer screening, counterparty due diligence and recordkeeping procedures need adjustment. For digital-asset funds, custody and administrator teams should coordinate the review with appointed transfer and wallet-service providers.

UAE ADGM: FSRA Monitors Binance Security Incident

SOURCE | ADGM FSRA | READ MORE

On October 30, 2026, the FSRA stated that it was engaging with Binance and monitoring a security incident involving unauthorized asset withdrawals. The statement did not announce a new rule, quantify losses or impose a general reporting deadline. The supervisory focus identified was client protection and orderly market functioning. Firms with direct or indirect exposure should document any affected exchange, wallet, counterparty or custody dependencies, verify reconciliations and withdrawal access, and apply their existing incident escalation procedures where necessary. Digital-asset fund managers should also assess valuation and liquidity implications and confirm whether investor communications or service-provider escalation are warranted under their existing obligations.

Enforcement Actions

SEC Fines Snowden Capital $100,000 for Undisclosed Affiliate Compensation and Misleading Retail Hedge Clauses

SOURCE | SEC | READ MORE

On October 30, 2026, the SEC issued a settled enforcement order against SEC-registered investment adviser Snowden Capital Advisors LLC ("Snowden") concerning undisclosed affiliate compensation beginning on February 1, 2018, and misleading liability limitations in retail advisory agreements. Its affiliated broker-dealer retained margin-interest mark-ups through March 31, 2023 and received cash-sweep money market fund revenue sharing through June 30, 2020. The SEC found that Snowden failed to disclose the resulting incentives to recommend margin borrowing and revenue-generating sweep funds and that general disclosures from the clearing firm did not satisfy Snowden's disclosure obligation. Without admitting the findings, Snowden agreed to pay a $100,000 civil penalty and $264,590 in disgorgement and prejudgment interest.

SEC Charges Adviser Over Leveraged and Inverse ETFs

SOURCE | SEC | READ MORE

On October 29, 2026, the SEC charged investment adviser representative Cary Urich with alleged fiduciary breaches involving leveraged and inverse ETFs in discretionary accounts of mostly elderly clients from April 2020 to November 2023. The complaint alleges that the prospectuses for the leveraged and/or inverse ETFs and relevant regulatory notices and alerts, which Mr. Urich reviewed before investing his clients' funds in the ETFs, cautioned against investing in the funds for longer than one day due to the heightened risks involved. Despite these warnings, Mr. Urich held the products in clients' accounts for an average of 798 days. Mr. Urich failed to disclose to the impacted clients that he held these positions in a manner that was inconsistent with the short-term holding period recommended in the leveraged and inverse ETFs' prospectuses and regulatory guidance, and also failed to disclose the negative historical returns associated with these investments. The SEC announced a proposed settlement, subject to court approval, providing for a $100,000 penalty, a permanent injunction against specified antifraud violations, and a two-year injunction against acting as or associating with an investment adviser. Urich consented without admitting the allegations.

Enforcement Actions

SEC Charges Entities in $130 Million Fraud Scheme

SOURCE | SEC | READ MORE

On October 29, 2026, the SEC charged BG Wealth Sharing Ltd ("BG Wealth") and DSJ Exchange Pty Ltd ("DSJ Exchange") with an alleged $130 million fraud that used false SEC filings and regulatory claims to gain investor confidence. The SEC alleged that, from at least October 2025 through June 2026, BG Wealth and DSJ Exchange induced investors, many located in more than 40 U.S. states and multiple U.S. territories, to participate in a "wealth-sharing program" by promising extraordinary, risk-free returns generated by so-called AI-generated "signals" for crypto asset trading. In addition, BG Wealth claimed to be the world's largest hedge fund, registered with the SEC as an investment adviser, and partnered with a purported licensed and secure crypto trading platform, DSJ Exchange. The SEC alleges that none of this was true and that the defendants created the appearance that they were legitimate entities by submitting false Form ADV and Form D filings to the SEC which were publicly viewable and shared with investors as supposed proof that the SEC had licensed or approved them. Investment managers should ensure marketing materials do not imply that Form ADV, Form D or other filings constitute SEC licensing, endorsement or approval.

CFTC Seeks to Block Utah Prediction Market Enforcement

SOURCE | CFTC | READ MORE

On October 27, 2026, the CFTC filed suit seeking to prevent Utah from enforcing state-law restrictions against CFTC-regulated prediction markets. The action reflects an ongoing jurisdictional dispute over the extent of federal authority over event contracts and the application of state gambling laws. The CFTC has also pursued related proceedings in other states, underscoring the continuing legal uncertainty surrounding prediction markets.

FCA Stops HTX Crypto Promotions

SOURCE | FCA | READ MORE

On October 29, 2026, the FCA announced that it had secured High Court undertakings restricting crypto exchange HTX from communicating unlawful financial promotions to UK consumers. HTX has exited the UK market, stopped accepting UK deposits and registrations, and agreed not to target or solicit UK consumers; the confidential settlement does not include an admission of wrongdoing or a disclosed financial penalty. Investment managers communicating or approving cryptoasset promotions should confirm that all promotions use a lawful route under section 21 of the Financial Services and Markets Act 2000.

Enforcement Actions

Moody's Fined USD 585,825 Over Confidentiality Controls

SOURCE | DFSA | READ MORE

On October 28, 2026, the DFSA imposed a USD 585,825 penalty on Moody's Investors Service Middle East Limited, finding failures to maintain adequate systems and controls to safeguard confidential information and prevent employee disclosure. The action concerns requirements applicable to credit rating agencies and should not be treated as a new rule for all DFSA firms. Compliance teams should review confidentiality controls, staff access rights, information-sharing procedures and oversight of sensitive external research. For buy-side firms, the practical read-across is to reassess controls around non-public issuer information, external ratings and research feeds, and confidential investor or portfolio information shared with service providers.

Crypto Corner

SEC Provides No-Action Relief for Canton Coin

SOURCE | SEC | READ MORE

On November 3, the SEC's Division of Corporation Finance issued a no-action letter concerning Canton Coin, expressing the staff's view that the token qualifies as a digital commodity under the SEC's March 2026 crypto asset interpretation, based on the representations presented. The staff relied on representations about the network's programmatic operation and market-driven value, as well as the absence of a central party. Staff also stated that it would not recommend enforcement action if Canton Coin is programmatically minted by network participants without registration under Section 5 of the Securities Act or Section 12(g) of the Exchange Act, subject to the circumstances described in the request. The letter provides additional insight into the SEC staff's approach to digital commodity classification and decentralized blockchain networks.

Crypto Corner

SEC Expands Crypto Guidance on Decentralization and Network Governance

SOURCE | SEC | READ MORE

On November 2, 2026, the SEC's Division of Corporation Finance updated its FAQs on the application of federal securities laws to crypto assets, building on its March 2026 Interpretive Release. The guidance clarifies the distinction between functional and decentralized crypto systems and when blockchain governance participants may constitute a "central party" exercising operational, economic or voting control. The SEC staff indicated that unaffiliated participants generally will not be considered a central party solely through broad-based network governance, absent an agreement to act together. The update provides further clarity on how decentralization and governance structures affect the regulatory classification of digital assets.

OCC Encourages Community Banks to Enter the Payment Stablecoin Market

SOURCE | OCC | READ MORE

On October 27, the Head of the OCC, Jonathan Gould, highlighted opportunities for community banks to participate in the emerging payment stablecoin market, including through subsidiaries authorized to issue stablecoins under the OCC's recently finalized GENIUS Act framework. Mr. Gould emphasized that the framework is intended to apply requirements proportionate to an issuer's size and risk profile rather than create a compliance burden accessible only to the largest institutions. He also noted that the rule applies the same standards to bank and nonbank issuers, which the OCC says should allow community banks to compete on a more even footing.

Registration Authority Publishes Crypto Mining Licensing Guidance

SOURCE | ADGM | READ MORE

On October 28, 2026, ADGM's Registration Authority published guidance treating crypto mining as a licensable commercial activity, rather than an FSRA-regulated financial service in itself. It identifies commercial activity code 7230 and addresses governance, beneficial ownership transparency, on-chain reward-flow address disclosure and risk-based oversight. The guidance covers different consensus mechanisms and notes that a further regulatory framework may follow consultation. Operators should test their activities against the Registration Authority commercial licensing perimeter and complete the recommended pre-application assessment. Digital-asset fund managers should separately assess whether investments, staking arrangements or service-provider relationships create FSRA-regulated activities; the mining guidance does not replace fund, custody or virtual-asset obligations.

Leadership & Development

AI May Make Communication Easier, but Is It Weakening Our Leadership?

KATHY CAPRINO | FORBES | READ MORE

Kathy Caprino examines how AI-generated communication can weaken leadership when it replaces independent thinking rather than supporting it. She encourages leaders to determine their purpose, position and intended message before using AI to refine language or challenge assumptions. The practical distinction is between delegating drafting and delegating judgment. Leaders should use AI to improve clarity while retaining responsibility for the reasoning, authenticity and accountability behind their communications.

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