

THE CFTC'S COMPLETION OF "ENFORCEMENT SPRINT" OFFERS INSIGHT INTO THE NEW ADMINISTRATION'S ENFORCEMENT APPROACH

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On September 4, 2025, the Commodity Futures Trading Commission (CFTC) issued six orders simultaneously filing and settling material compliance-related violations against 10 firms and imposing \$8,325,000 in total penalties.¹ These orders marked the completion of the "enforcement sprint" that Acting Chair Caroline Pham announced in March 2025, as well as the first application of the Division of Enforcement's February 2025 Advisory on Self-Reporting, Cooperation, and Remediation (2025 Advisory).²

Key Takeaways:

- Although these resolutions addressed different types of compliance violations, they offer insight into the Enforcement Division's priorities and approach to enforcement under the new Administration.
- The CFTC is likely to give significant credit for cooperation when determining civil monetary penalties, especially in compliance-related cases.
- When assessing penalties, the CFTC will review and analyze comparable cases from the past decade.
- Enforcement priorities will focus on cases involving fraud, manipulation, and harm to victims, though the CFTC may still address and resolve large-scale compliance matters.

2025 Advisory

The 2025 Advisory is designed to encourage market participants to self-report violations, cooperate with investigations, and

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remediate issues by providing transparent criteria for evaluating these actions and, for the first time, introducing a formula for penalty discounts (Mitigation Credit) based on the level of self-reporting and cooperation.³ It establishes a tiered system for both self-reporting and cooperation, with a Mitigation Credit Matrix that specifies the potential penalty reduction according to the tiers achieved.⁴ Notably, parties may self-report to any relevant Operating Division (such as the Division of Market Oversight, the Market Participants Division, or the Division of Clearing and Risk), rather than being limited to the Division of Enforcement.⁵

The “Enforcement Sprint”

At the FIA’s 50th annual conference in March 2025, CFTC Acting Chair Pham announced a 30-day “compliance and remediation initiative” to expedite the resolution of non-fraud compliance matters, specifically recordkeeping and reporting violations without customer harm, fraud, or market abuse.⁶ The overall goal was to quickly resolve longstanding compliance cases, incentivize cooperation, and free up enforcement resources to focus on fraud and market manipulation.⁷

Takeaways

1. The CFTC Awarded Significant Cooperation Credit Pursuant to the February Advisory

These six resolutions were the first announced under the Advisory on Self-Reporting, Cooperation, and Remediation. With the exception of one respondent, all other firms received significant credit for self-reporting and/or cooperations. With the exception of one respondent, all other entities received significant credit for self-reporting and/or cooperation. In two cases, penalties were reduced by the maximum 55% due to exemplary self-reporting and cooperation. In several other instances, fines were reduced by 35% as a result of exemplary coopera-

tion, which is the maximum reduction available where violations were not self-reported. These significant discounts demonstrate that the CFTC is serious about rewarding self-reporting and cooperating and that while the February Advisory is non-binding on the CFTC, it carries significant weight in the CFTC’s approach resolving enforcement matters.

2. The CFTC will Analyze Comparable Resolutions over the Last Decade in Reaching a Penalty

Notably, in announcing these resolutions, the Acting Chair highlighted that sprint participants were encouraged to provide the Division of Enforcement with reasonable settlement offers that were based, in part, “on comparable cases over the last decade.”⁸ Acting Chairman Pham observed at FIA Boca that “particularly in the last several years, the CFTC has drastically increased the amount of civil monetary penalties assessed against parties, sometimes 10 or 20 times more than historical penalties in comparable cases.”⁹ Going forward, those negotiating enforcement resolutions with the CFTC can now rely on this guidance and these resolutions to advocate for lower civil monetary penalties than those imposed in recent years for comparable conduct.

3. The CFTC will Prioritize Fraud and Manipulation Cases, but May Still Resolve Compliance Cases

In announcing the completion of the enforcement sprint, Acting Chair Pham emphasized that the resolution of these compliance related matters would permit enforcement staff “to refocus on fighting fraud and helping victims.”¹⁰ The Acting Chief of the Retail Fraud and General Enforcement Task Force echoed this focus, noting that the enforcement sprint was “part of a larger effort to help DOE clean up its overall docket and prioritize pursuing fraudsters and other wrongdoers going forward.”¹¹ Accordingly, we should expect fewer compliance-related enforcement matters, with the Division of Enforcement prioritiz-

ing cases involving harm to market participants (especially to retail investors) and market abuse, such as market manipulation and spoofing. Indeed, a few days after announcing the completion of the enforcement sprint, the CFTC announced a spoofing settlement, resulting in a \$200,000 civil monetary penalty against a firm and an individual trader.

At the same time, market participants should remain vigilant in fulfilling their compliance obligations. Although the civil monetary penalties in these matters were reduced due to significant cooperation, the CFTC still chose to pursue enforcement actions, rather than to decline the matters in their entirety. This suggests the CFTC will continue to pursue material compliance violations, although enforcement may not be the preferred remedy for a compliance-related violation if the violation is remediated in a timely fashion.¹²

ENDNOTES:

¹Press Release, Acting Chairman Pham Announces Successful Completion of Enforcement Sprint (Sept. 4, 2025), https://www.cftc.gov/PressRoom/PressReleases/9114-25?utm_source=govdelivery.

²*Id.*

³Press Release, Enforcement Advisory: Advisory On Self-Reporting, Cooperation, and Remediation (Feb. 25, 2025) (Advisory), <https://www.cftc.gov/PressRoom/PressReleases/9054-25>.

⁴*Id.*

⁵*Id.*

⁶See Press Release, Keynote Address BY Acting Chair Caroline Pham, FIA Boca50 (Mar. 11, 2025), <https://www.cftc.gov/PressRoom/SpeechesTestimony/opapham13>.

⁷See Sidley Update, CFTC Staff Advisory on Referrals to the Division of Enforcement (Apr. 25, 2025), <https://www.sidley.com/en/insights/newsupdates/2025/04/cftc-staff-advisory-on-referrals-to-the-division-of-enforcement>.

⁸See Press Release, Acting Chairman Pham Announces Successful Completion of Enforcement Sprint, *supra* 1.

⁹See Press Release, Acting Chair Caroline Pham, Keynote Address at FIA Boca50 (Mar. 11, 2025), *supra* 6.

¹⁰See Press Release, Acting Chairman Pham Announces Successful Completion of Enforcement Sprint, *supra* 1 at 4.

¹¹*Id.* at 5.

¹²The CFTC has encouraged market participants to engage with the Operating Divisions when compliance violations arise, permitting the Operating Divisions to handle nonmaterial violations without referral to the Enforcement Division. In assessing materiality, the Operating Divisions will consider, among other factors, whether there has been a lack of substantial progress in remediation “for an unreasonably lengthy period of time, such as several years.” Thus, if market participants fail to timely remediate a compliance issue, we should expect to see continued CFTC enforcement. *See* Sidley Update, CFTC Staff Advisory on Referrals to the Division of Enforcement, *supra* 7.

