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Insights

Debrief: C&L Annual Seminar

Perspectives & Key Themes from Compliance and Legal Professionals

Published: April 2026

The 2026 [SIFMA Compliance & Legal Annual Seminar](#) convened regulators, compliance leaders, and legal professionals at a moment of active transition for markets and regulation. Across discussions, a consistent theme emerged: modernization is no longer conceptual. Firms and regulators are moving from identifying gaps to implementing change—across rulemaking, compliance infrastructure, and oversight models—while maintaining the core principles that underpin investor protection and market integrity.

- **Regulatory modernization is a key priority**, with emphasis on clarity, coordination, and targeted reform of legacy requirements.
- **AI is reshaping compliance functions at scale**, driving gains in detection and efficiency while introducing new governance and oversight considerations.
- **Macro conditions are reinforcing discipline**, with higher rates, tighter financial conditions, and evolving risk dynamics shaping firm priorities.

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The Regulatory Landscape

A central focus of the Seminar was how the regulatory framework is evolving in response to changes in market structure, technology, and firm operations. Across sessions, the conversation reflected a shift from broad calls for modernization to more concrete questions around implementation—what will change, how quickly, and with what degree of coordination across agencies.

ACT Framework: Advancing, Clarifying, Transforming:

SEC Chairman Paul Atkins outlined a three-part approach—**advance, clarify, and transform (ACT)**—to guide the Commission’s regulatory agenda. The framework reflects an effort to balance innovation with continuity: advancing rulemaking in areas where regulatory treatment remains uncertain, clarifying expectations for existing obligations, and transforming legacy requirements that may no longer align with how markets function today.

For firms, the emphasis on **clarity and predictability** stood out as particularly important. Across discussions, participants noted that how rules are interpreted and enforced can be as consequential as the rules themselves, especially in areas such as communications oversight and statutory disqualification.

SEC–CFTC Coordination and Market Coherence

Alongside this framework, the SEC’s renewed focus on coordination with the CFTC signals a broader effort to reduce fragmentation across regulatory regimes. The recently announced memorandum of understanding reflects a recognition that firms increasingly operate across asset classes and trading environments that do not map neatly to existing regulatory boundaries.

Greater alignment has the potential to improve consistency and reduce operational friction. At the same time, participants noted that the impact will ultimately depend on how coordination is implemented in practice—through aligned rulemaking, supervisory expectations, and day-to-day engagement with firms.

Modernizing Communications, Records, and Delivery

Legacy frameworks governing communications, recordkeeping, and delivery were a recurring focus, with broad agreement that current requirements are increasingly misaligned with modern technologies and business practices.

E-delivery is one area where progress is tangible. FINRA’s forthcoming proposal to make electronic delivery the default—subject to opt-out protections—represents a meaningful step toward aligning regulatory expectations with how information is consumed. However, questions remain around timing, SEC approval, and how approaches will be harmonized across regulators.

Communications retention requirements are also under active review. As firms navigate a growing range of communication channels, there is a need for clearer, more consistent expectations—particularly in how examination practices and enforcement standards are applied. More broadly, the communications retention regime was described as complex and, in some cases, operationally burdensome relative to its intended purpose, reinforcing the case for targeted reform.

Collateral Consequences and the Waiver Process

Statutory disqualification and waiver processes emerged as a more technical—but highly consequential—area of focus. Participants pointed to the need for greater transparency, consistency, and efficiency in the process governing how waivers from statutory disqualifications are evaluated, particularly given the potential for significant collateral consequences.

In this context, clarity is not only a matter of process, but of outcomes. More predictable and transparent approaches could improve both compliance planning and resource allocation for firms, while supporting more consistent regulatory outcomes.

Regulatory Culture and Implementation

Beyond specific rules, discussions highlighted the importance of regulatory culture in shaping outcomes. FINRA emphasized that effective modernization depends not only on updating requirements, but on engagement, humility, and continuous improvement—supported by initiatives such as [FINRA Forward](#) and a more transparent [Regulatory Policy Agenda](#).

There were also early signals of a potential recalibration in enforcement approach. While enforcement remains a core tool, regulators indicated a greater willingness to resolve routine compliance issues through the examinations process, alongside efforts to provide clearer expectations to firms. Taken together, these shifts suggest a regulatory environment that is evolving not only in substance, but in how it is applied.

Modernizing Compliance

Compliance functions are at an inflection point, shaped by rapid advances in artificial intelligence and the increasing complexity of the risk environment. What was a series of targeted pilots is now becoming embedded infrastructure across firms.

AI Adoption at Scale

AI adoption is scaling across core compliance activities—including surveillance, financial crime detection, communications review, and data analysis. Firms are seeing tangible gains in speed and efficiency, alongside a reduction in false positives and an enhanced ability to identify patterns of risk that were previously difficult to detect at scale. At the same time, the threat landscape is evolving. As discussed during the keynote, increasingly sophisticated bad actors—often operating anonymously and across digital channels—are driving the need for more advanced detection capabilities and more resilient controls.

Evolving Oversight Models

As these technologies mature, they are also reshaping oversight models. Many firms are moving from a “human in the loop” approach—where decisions are directly reviewed—to a “human on the loop” model, where oversight is more continuous and supervisory in nature. This shift introduces new considerations around governance, including model validation, ongoing monitoring, and clear accountability for outcomes generated by automated systems. Ensuring that these frameworks remain aligned with existing regulatory obligations is becoming a central focus.

Integration of Compliance and Operational Risk

At the organizational level, the integration of compliance and operational risk functions is becoming more pronounced. Firms are increasingly approaching risk through an enterprise lens, reflecting a broad recognition that risks—whether operational, technological, or regulatory—are interconnected and require unified management.

Some firms are moving toward:

- **Enterprise-wide risk frameworks** with shared taxonomies;
- Closer coordination in **risk identification, escalation, and mitigation**;
- Greater integration of **technology, data, and controls** across functions.

Regulatory Perspective on AI

From a regulatory perspective, AI is being approached as both **an enabler and a governance challenge**.

There is a clear emphasis on maintaining technology-neutral oversight, with regulators focused on outcomes

and firm accountability rather than prescribing specific tools or methodologies. At the same time, panelists emphasized that core compliance obligations remain durable, even as the tools used to meet them evolve.

Speed of Change as a Risk Factor

Across discussions, one additional theme emerged: the speed of change itself is becoming a primary risk factor. Rapid advances in technology, combined with evolving products and increasingly complex regulatory expectations, are placing pressure on firms to continuously invest, adapt, and refine their control environments.

The Macro Environment

The macro backdrop remains a defining influence on both market behavior and the operating environment for firms. Across discussions, the outlook was characterized less by a single dominant risk and more by the interaction of multiple pressures—persistent inflation, higher-for-longer interest rates, and ongoing geopolitical uncertainty.

Complex and Elevated Conditions

These dynamics are contributing to tighter financial conditions and elevated volatility, reinforcing a more cautious posture across markets. Participants pointed to clear signs of a repricing of risk, with rising yields and widening credit spreads shifting the relative attractiveness of asset classes. Fixed income, in particular, is becoming increasingly competitive relative to equities, prompting a reassessment of portfolio construction and return expectations.



Source: Stifel

Repricing of Risk

At the same time, valuations remain under scrutiny. With equity markets still elevated by historical standards and policy flexibility constrained, the question of whether investors are being adequately compensated for risk has come into sharper focus. Limited expectations for near-term rate cuts, combined with continued inflation uncertainty, suggest a more constrained policy environment—one that places a premium on discipline in both investment and risk management decisions.

For firms, these conditions are not occurring in isolation. The macro environment is intersecting with regulatory change and technological transformation, increasing the complexity of the operating landscape. This

convergence is reinforcing the need for integrated risk management approaches that account for both market dynamics and structural shifts within the industry.



Source: Stifel

Enduring Market Dynamics

Despite these changes, a consistent theme emerged: while the tools and technologies shaping markets continue to evolve, the underlying drivers—human behavior, cycles, and sentiment—remain remarkably consistent. This continuity serves as both a reminder and a constraint, underscoring the importance of maintaining perspective even as the environment grows more complex.

Conclusion

Across sessions, a consistent message emerged: while tools, technologies, and regulatory approaches continue to evolve, the underlying objective remains constant—protecting investors and maintaining market integrity.

That point was underscored by 2026 Rauschman Award recipient Richard G. Ketchum:



“I believe truly that a major differentiator that characterizes the financial industry on our best days... is our commitment to work together—regulators and industry—to find better solutions to protect investors.

That can only happen with continuous engagement... It is the recognition and the buy-in that the financial markets are a treasure which must be protected by placing investors first.”

As the industry navigates a more complex, technology-driven, and interconnected landscape, that shared commitment and the engagement that supports it will remain central to what comes next.

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