



2021 Second Quarter Compliance Letter

Guidance, Enforcement, Hot Topics, & More for Investment Advisers

As of: June 30, 2021

We hope this letter finds you all well. It has been an active quarter, so we'll get right to it.

Travel - We were excited to have resumed client travel during the quarter. We've always placed great emphasis on our client relationships and have missed those in-person meetings during the pandemic.

Austin - Our team member, Quentin Good, relocated to Austin in June. We now have team members in New York Metro, Milwaukee, Denver, Austin, and Montana. While we can do our work efficiently remotely, we do value having team members accessible to our clients and Austin is one of our important client hubs. If you're in Austin, send Quentin a welcome note or be on the lookout for him within Austin's music and culinary scenes, or exploring the area trail systems.

New HighCamp.com We launched our new website that you can check out [here](#), which includes a brand refresh and expansion of content. We're also hiring, so check out or pass along our expanded careers page!

And on a personal note, my wife and I welcomed our second baby boy in April. We couldn't be happier (or more tired). Enough about us, please enjoy this quarters recap.

-Brad

This quarter's headlines. The Office of the Investor Advocate issued its [report](#) on policy objectives for fiscal year 2022, which commences on October 1, 2021. The Office has a broad mandate that seeks to assist with monitoring all rulemakings by Commission and SROs, which include the following issues for FY2022: **Environmental, Social, and Governance (ESG) Disclosure; Rule 10b5-1 Plans; Capital-Raising Alternatives** (including from SPACs); Equity Market Structure (including short selling transparency and payment for order flow topics); Novel Exchange-Traded Funds; Registered Fund Disclosure; **Cryptocurrency**; Broker Conduct; and **Financial Exploitation of Senior Investors**. *Note that the issues highlighted in **bold** are new for 2022.*

What is in the pipeline? SEC regional offices have started announcing 2021 virtual meetings to discuss examination priorities and to summarize recent examinations. The Fort Worth Regional Office announced its July 28th meeting, and the agenda includes recent market volatility events, Regulation Best Interest, Form CRS, cybersecurity and ransomware, and the new Marketing Rule. Advisers should be on the lookout for an invite but please note that not all regional offices are expected to host meetings.

Is that all? See below for our Q2 Chronological List of Key Events and Upcoming Dates and Deadlines.

Get in touch at Hello@HighCampCompliance.com.



Q2 Chronological List of Key Events

As of: June 30, 2021

We left off on March 31, 2021, in our Q1 Letter. You can access it [here](#). For those printing this letter, please note that all sources are hyperlinked rather than footnoted.

June 30: SEC Charges San Francisco Bay Area Finance Employee and Friend With Insider Trading

The SEC alleged that bank employee breached his obligation to keep private equity firm acquisition activity confidential by sharing the information through encrypted messaging system with a friend.

June 29: SEC Charges Self-Proclaimed Real Estate “Dealmaker” With Multiple Offering Frauds and Misappropriation of Investor Funds

The SEC alleged that a real estate developer, among other things, acted as unregistered broker-dealer, used general solicitations in unregistered offerings, made numerous misrepresentations, and used offering proceeds for personal expenditures.

June 29: SEC Charges Electronic Trading Platform for Operating As An Unregistered Broker-Dealer

This SEC enforcement action involves settlement with an order and execution management system (OEMS), Neovest, Inc., for operating as an unregistered broker-dealer. The Order seems to place great emphasis that Neovest was “engaging in the business of effecting securities transactions for others through the receipt of transaction-based compensation for its OEMS services and its solicitation of customers for those services.” Commissioner Peirce released a [dissent statement](#) challenges the view that the only difference between this Order and prior no-action letters granted to financial services technologies is the presence of transaction-based compensation, and that that shouldn’t be enough to be the “determinative factor in the analysis.”

June 17: Order Approving Adjustment for Inflation of the Dollar Amount Tests [for the Qualified Client]in Rule 205-3 under the Investment Advisers Act

Qualified Client “assets-under-management” and “net worth” test amounts increased for inflation to \$1.1 and \$2.2 million, respectively. The SEC is required to adjust the qualified client thresholds every five years. Note, the adjustments do not need to be applied retroactively. The Order will become effective as of Aug. 16, 2021 and will impact new advisory contracts and private fund subscriptions that charge performance fees.

June 15: SEC Charges Issuer with Cybersecurity Disclosure Controls Failures

While this Order does not involve an investment adviser, we felt it involved some lessons around the escalation and resolution of identified cybersecurity vulnerabilities. Specifically, the Order discusses that the company failed to remediate vulnerabilities identified in a prior penetration test in accordance with its policies.

May 28: SEC Charges U.S. Promoters of \$2 Billion Global Crypto Lending Securities Offering

The SEC alleges promoters conducted unregistered digital asset securities offering without registering the securities with the Commission or being registered as broker-dealers.



Q3 Upcoming Key Reporting and Disclosure Deadlines

July 10	Recommended date to amend and correct inaccurate Form 13H information "promptly" following the quarter end.
August 16	Form 13F Quarterly Filing Due for Q2 2021
August 29	Large Hedge Fund Quarterly Form PF Due
May 30	Hedge Fund Quarterly PF Due