



2021 Third Quarter Compliance Letter

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

As of: September 30, 2021

It's hard to believe Q4 is already here! Q3 was an incredibly exciting time for HighCamp. We congratulated HighCamp Partner Ashley Drake and her husband Chris Drake as they welcomed their beautiful baby boy Arlo into their family in August. Please join us in offering the little HighCamper and his family a heart-felt congratulations.

In August HighCamp grew our team with the addition of [Colleen Marencik as Partner](#). We consider ourselves lucky to bring Colleen into our ranks. Her impressive experience and expertise in real estate, private equity, and hedge fund regulatory compliance make her a truly invaluable asset to our team. Welcome Colleen!

Without further ado, let's jump into this quarter's biggest headlines.

This quarter's headlines

SEC chairman Gary Gensler outlines aggressive regulatory agenda. In his first several months on the job, Gensler identified [payment for order flow](#), [lowering private equity fees](#), [ESG](#), and [digital assets](#) as regulatory priorities under his leadership. Industry rumblings indicate that the 2016 Institutional Limited Partners Association ("ILPA") investor reporting template may be part of the framework for Gensler's contemplated private equity fee "reforms".

Division of Examinations ("EXAMS") issues two risk alerts. One risk alert concerned advisers that manage client accounts that participate in [wrap fee programs](#) and the other focused on observations from an exam initiative regarding [fixed income principal and cross trades](#) by advisers.

July 28: SEC staff representing Fort Worth regional office ("FWRO") host compliance outreach event. Read [HighCamp's summary](#) of the topics covered, including **ESG** strategies and **cybersecurity**, two exam priorities that EXAMs will continue to focus on in 2022 and beyond.

In the pipeline

ESG Rulemaking. The commission plans to [propose rulemaking](#) related to ESG by the Spring of 2022. The proposed rule will likely seek to standardize ESG terminology (e.g., "green," "sustainable," "socially responsible") to promote truth in advertising and enhance climate risk disclosures for funds.

Cybersecurity Guidance. From the FWRO compliance outreach event, HighCamp learned that the SEC intends to release comprehensive guidance regarding cybersecurity soon. The FWRO staff also indicated that we could see additional rulemaking or enhancements to existing rules around cybersecurity.

The compliance date for the **New Marketing Rule** is November 2022.

Did you know

Matthew Harris was [named](#) co-head of the SEC EXAMS private fund unit. Harris is Chicago-based and is replacing Igor Rozenblit, who left the SEC in June. Jennifer Duggins remains the other co-head of the private fund unit.

Get in touch at Hello@HighCampCompliance.com.



Q3 Chronological List of Key Events

Since: June 30, 2021

We left off on June 30, 2021 in our [Q2 Letter](#). Please note all sources are hyperlinked rather than footnoted.

June 30: [SEC Charges 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.

July 13: [SEC Charges SPAC and Affiliates for Misleading Disclosures](#)

SEC order alleged that Momentus and Stable Road Acquisition Company, the target company and SPAC respectively, misled investors about the success of the company's propulsion technology and its commercial viability.

July 26: [SEC charges 27 firms for Form CRS filing and delivery failures](#)

Adopted on June 5th, 2019, Form CRS requires registered investment advisers and broker dealers to file and deliver Form CRS to prospective and current retail investors. 21 advisers and 6 broker dealers were charged for failing to meet the deadlines of Form CRS filing and delivery.

August 1: [Deutsche Bank's former sustainability chief accuses bank of misrepresenting its ESG efforts](#)

While the bank claims, "ESG is at the heart of everything we do," its former sustainability chief Desiree Fixler has been vocal about the bank's failures to make ESG an integral part of its decision-making process.

August 17: [SEC issues order to hedge fund for mismarking orders in violation of Regulation SHO](#)

The SEC order alleges that hedge fund Murchinson, Ltd. ran afoul of Regulation SHO and acted as an unregistered dealer when it erroneously marked hundreds of "short" sales as "long" sales in orders placed with its brokers.

August 30: [SEC charges eight firms in three actions for deficient cybersecurity procedures](#)

After email account takeovers exposed the personal information of thousands of customers and clients, the SEC sanctioned eight firms for failing to adopt adequate cybersecurity policies and procedures or effectively implement their stated policies and procedures.

September 14: [SEC charges market data provider with securities fraud](#)

The SEC order alleged that alternative data provider App Annie, Inc. sold data to third party trading firms in a manner inconsistent with representations to companies that consented to provide their data. The company also allegedly encouraged trading firms to use the information to trade ahead of earnings announcements.

September 29: [SEC proposes changes to proxy voting disclosures](#)

The commission proposed amendments to Form N-PX to help investors identify votes of interest, compare voting records, make the filing easier to analyze, and require funds to disclose how their securities lending activity impacted their voting.



Q4 Upcoming Key Reporting and Disclosure Deadlines

October 15	Form PF for Large Liquidity Fund Advisers Due
October 30	Employees' Transaction Reports for Q3 Due
November 16	Q3 Form 13F Due
November 29	Form PF for Large Hedge Fund Advisers Due
December 14	Funds for 2021 IARD Renewal Program Due