

2025 Third Quarter Newsletter

Rule Proposals, Risk Alerts, & More for Investment Advisers

As we move into the final stretch of the year, it was a busy quarter both inside HighCamp and across the regulatory landscape for private fund advisers.

Internally, we were thrilled to [welcome](#) Adam Shatek, a former SEC Denver Regional Office Exam Manager, to our team. Adam's experience deepens our bench of former regulators and enhances the perspective we bring to client engagements. We were also proud to announce Erika Chua's promotion to Partner, recognizing her exceptional leadership and client service. And in September, our team gathered for our annual retreat in Nashville, joined by our UK partners at Judd Advisory, to align on strategy and share best practices across our global network.

On the regulatory front, we continue to see rule implementation delays, including the FinCEN/SEC AML rule's compliance date being pushed back several years and another extension of the amended Form PF compliance deadlines. Enforcement actions during the third quarter may offer a glimpse into the priorities of the new administration, with the SEC bringing its [first settlement](#) alleging a negligence-based Rule 206(4)-8 violation after months of industry speculation about whether this administration would pursue such enforcement. Crypto also remains top of mind at the SEC, reflected in Commissioner statements, industry outreach events, and a [no-action letter](#) issued at the end of the quarter addressing the treatment of crypto assets custodied at State Trust Companies.

Looking ahead to the fourth quarter, advisers with more than \$1.5 billion in RAUM should begin preparing for the 2024 adoption of amendments to Regulation S-P, which have a compliance date of December 3, 2025. The SEC hosted the first of three planned compliance outreach events to help registrants prepare for the new requirements.

Below is a summary of the most significant regulatory updates and enforcement actions affecting private fund managers this quarter.

Third Quarter Headlines

SEC & FinCEN Postpone Effective Date of Investment Adviser AML Rule

On July 21, the US Treasury **announced** its intention to postpone the effective date of the final rule establishing anti-money laundering and suspicious activity report filing requirements for investment advisers to January 1, 2028. The final rule passed in August 2024 would require advisers to (1) designate an AML Compliance Officer; (2) implement an AML program; (3) conduct independent testing of the program; and (4) provide AML training to employees.

EDGAR Next Transition

On September 15, the SEC's EDGAR platform **switched** to EDGAR Next, a platform designed to improve EDGAR security, enhance filers' ability to manage their EDGAR accounts, and modernize API connections to EDGAR. Between September 15, 2025, and December 19, 2025, Firms with existing EDGAR accounts will not be able to make filings or access EDGAR accounts until the accounts are enrolled in EDGAR Next. From December 22, 2025, onward, firms that did not enroll already will need to apply for access on Form ID (which includes notarization) and await outcome of SEC staff review

Form PF Compliance Date Extended Once Again

On September 17, the SEC further **extended** the compliance date for the amended Form PF to October 1, 2026. SEC Commissioner Hester Peirce **stated** that she would have preferred a longer extension to accommodate a fundamental rethinking of the form. She continued with her consistent criticism of the rule implying she doesn't think it collects information that is necessary to protect systemic risk. On the opposite end, Commissioner Caroline Crenshaw **stated**, "this is a thinly veiled sleight of hand to dismantle the work of a prior Commission while weaseling out of the clear requirements of well-established law." She went on to say that when a rule is adopted, she believes the public and market participants should be able to rely on that rule as the law until the Commission engages in transparent notice and comment rulemaking to change the law again in the future.

Did You Know?

Since the 1990s, a greater share of American companies has remained private or been taken private as the number of public companies has contracted, with the latter dropping from over 8,000 in 1996 to only 3,700 in 2024.

In 2013, there were only 43 U.S.-based "unicorns" (start-ups with an implied valuation of at least \$1billion); by 2024, the number of unicorns had risen to 693 and their implied valuation exceeded \$2.6 billion.

– *Statistics provided via the SEC Investor Advisory Committee – September 18, 2025*

Q3 Key Enforcement Actions and News

We left off on June 30 in our 2025 [Second Quarter Newsletter](#). Please note all sources are hyperlinked rather than footnoted.

SEC Charges Two Individuals with Providing Backdated Documents During SEC Exam

On July 11, an adviser, its CCO, and its President were [charged](#) with allegedly providing backdated documents to the Commission after the Exam Staff requested reports documenting the adviser's most recent annual compliance review. Although Rule 206(4)-7 does not require documentation of such review, the adviser's compliance policies and procedures required that a written report be created and that the President and CCO meet to discuss the report. After receiving the request, the CCO allegedly created "Annual Compliance Calendars" and purported to memorialize contemporaneous annual compliance reviews for previous years. The order states that the President and CCO then backdated and signed the documents before the CCO voluntarily admitted to backdating the documents during testimony. The adviser's order also stated it overbilled certain clients by charging them advisory fees on alternative investments that were not supposed to be charged under their advisory agreements and also overbilled certain clients by failing to return pre-paid advisory fees on terminated accounts.

- President's [settlement](#)
- CCO's [settlement](#)

SEC Charges Individual with Altering Documents in Exam Request

On July 15, the SEC [announced](#) a settlement with a CCO who allegedly modified pre-clearance trading forms that were requested by the Exam Staff. The order states that before providing the forms, the CCO modified the dates and/or filled in missing information, which in many cases had been filled out after the trades were completed and after oral trade authorizations were provided. The adviser's code of ethics required access persons to obtain approval from the CCO prior to transacting securities in their personal accounts.

SEC Charges Adviser with Custody Failures

On August 1, the SEC [charged](#) an adviser for failing to comply with the Custody Rule's independent verification requirement. The adviser's president had custody of client assets as co-trustee of two advisory-client trusts and held signatory authority over several accounts, allowing him to independently access client funds and securities. The adviser allegedly failed to arrange the required surprise examinations for these accounts.

SEC Charges Multiple Individuals with Insider Trading

On August 1, the SEC [settled](#) with an individual who allegedly informed his father-in-law about a potential transaction involving a public company. The individual was a finance and operations professional at a family office and had received an updated restricted list with the public company added alongside a note saying it was restricted because of a "Transaction related [to] [a private equity firm]." The individual bought shares of the public company in his personal account and also allegedly told his father-in-law who also bought shares in his account. The individual bought

more shares in the public company as he continued to receive information about the progress of the transaction. The public company's stock rose over 88% on the day of the announcement that it had entered into a definitive agreement to be acquired.

On August 22, the SEC **announced** charges against an individual who misappropriated information regarding a proposed transaction of a public company that he obtained from an executive at that public company. The individual charged and the executive had long shared confidences about work and the charged individual abused this relationship and continued to buy more shares as the executive shared more information about the transaction. On the day of the public announcement, the stock of the public company rose more than 130%.

SEC Charges Adviser with Rule 105 Violations

On August 4, the SEC **charged** an adviser with allegedly purchasing equity securities for the accounts of six private fund clients in a covered offering after the adviser had sold short the same securities on behalf of the funds during Rule 105's restricted period. The public company announced a proposed underwritten offering on November 3, 2022, and priced the shares for the offering before market open on November 4. The adviser had shares sold short between November 1 and November 2.

SEC Charges Private Fund Adviser with Breaching Fiduciary Duty by Overcharging Management Fees

On August 15, the SEC **announced** charges against a private fund adviser the SEC alleged failed to disclose that it received interest on deferred transaction fees from five portfolio company investments and did not include those amounts in the corresponding management fee offsets which the SEC claimed resulted in interest-free loans from the funds to the adviser. The SEC also alleged the adviser, for at least one portfolio company investment in which multiple funds invested, improperly duplicated transaction fee reductions when calculating certain fee offsets. The adviser agreed to pay more than \$680,000 in monetary relief and distribution to harmed investors.

SEC Names New Director of Enforcement

On August 21, the SEC **announced** that Judge Margaret Ryan would become the Director of the Division of Enforcement, effective September 2, 2025. Prior to her role as Director, Judge Ryan was a senior judge of the United States Court of Appeals for the Armed Forces. She previously served as a law clerk to Supreme Court of the United States Associate Justice Clarence Thomas.

SEC Charges Adviser with Marketing Rule Violations

On September 4, the SEC **settled** with an adviser that allegedly published a website advertisement claiming it "refuse[d] all conflicts of interest" without providing context. The adviser's Form ADV Part 2A contradicted this statement by disclosing existing conflicts. The SEC therefore found the adviser could not substantiate its marketing claim. The order also stated that the adviser and its third-party website provider failed to retain copies of website advertisements

as required under Rule 204-2 and limited its annual compliance to a review of its Form ADV, contrary to the requirements set forth in the adviser's compliance manual and the Advisers Act.

SEC Releases Spring 2025 Regulatory Agenda Update

On September 5, the SEC [released](#) its Spring 2025 agenda of regulatory and deregulatory actions, providing insight into potential proposed rule changes in the coming year. The customer identification program for advisers remains in the final rule stage, while amendments to the Custody Rules are listed as being in the proposed rule stage. In Atkins's [statement](#) highlighting the agenda, he notes that much of the last administration's rulemaking agenda has been withdrawn, as it does not align with the current administration's goals and priorities.

Chairman Atkins Releases Statement Regarding Rule 10c1-a and Rule 13f-2 and Related Form SHO

On September 5, Chairman Atkins [issued](#) a statement following a U.S. court of appeals opinion concerning two 2023 Commission rulemakings related to the securities lending and short sale markets. While the Court did not vacate the rules, it found that the Commission had not adequately considered their cumulative economic impact and remanded the rules for further analysis. Chairman Atkins directed staff to evaluate the rules in light of the opinion and recommend appropriate Commission action, including possible amendments and adjustments to compliance dates. A temporary exemption granted earlier in 2025 extended the initial compliance deadline from January 2, 2025, to within 14 calendar days after the end of January 2026.

SEC Charges Individual with Breach of Fiduciary Duty

On September 8, the SEC [announced](#) a settlement with an individual who had entered into a romantic relationship with a client and then breached his fiduciary duty by (1) arranging for the client to make and forgive a loan to the individual's family members, (2) charging the client and certain of her trusts unauthorized and undisclosed fees, and (3) advising the client to enter into agreements purportedly authorizing, waiving, and forgiving problematic transactions and fees.

SEC Charges Adviser with Breach of Fiduciary Duty and Misrepresentations

On September 9, the SEC [charged](#) an individual and two adviser entities he controlled alleging he caused various private funds to make short-term loans to the adviser at below-market rates to, among other things, cover cash shortfalls at other private funds, which was prohibited by the funds' partnership agreements. Additionally, the SEC alleges the individual and one of the advisers sent misleading letters to the investors in four private funds in connection with the individual's attempt to buy the investors' interests. The letters failed to disclose certain material items and conflicts of interest such as possible refinancing at the underlying portfolio investments, misstatements concerning financial metrics, and that the charged individual was the intended purchaser of the fund interests. Finally, the complaint alleges the individual and one of the advisers made material misstatements in marketing and offering materials for a fund concerning the existence of an auditor, the amount of assets under management, the investment strategy, and the filing status as an exempt reporting adviser.

SEC Investor Advisory Committee Issues Recommendations Regarding Retail Investor Access to Private Markets

On September 18, the SEC Investor Advisory Committee ("IAC") **discussed** its recommendations to make private markets more accessible to retail investors. The IAC stated that the optimal way for retail investors to gain exposure to private market assets is through registered funds, which are already subject to oversight and regulations designed to protect investors. The IAC suggested several enhancements to registered funds, including providing greater clarity and transparency on valuations throughout a fund's lifecycle, enhancing and highlighting liquidity disclosures, and adopting additional investor protections to address increased retail participation.

The IAC noted that it does not take a position on whether retail investors' direct access to private market assets should be expanded. However, if the SEC determines that such an expansion is warranted, the IAC emphasized that it should be accompanied by certain basic investor protection guardrails, such as focusing eligibility criteria on investor sophistication rather than income or wealth, and requiring enhanced disclosures on Form D, including a mandatory final filing.

SEC Hosts the First of Three Outreach Events Regarding Amendments to Reg S-P

On September 25, the SEC hosted its first outreach event related to the 2024 amendments to Regulation S-P which was geared towards Large Firms, with a compliance date of December 3, 2025. The event primarily recapped the amendments at a high level but offered useful insights during the closing Q&A. The hosts confirmed there is no specific cybersecurity framework firms are required to follow, though the SEC often leverages NIST guidelines when conducting examinations. They also noted that there is no internal schedule yet for reviewing advisers' compliance once the new amendments become effective. However, firms should be prepared for potential exams, and the SEC's Exams Staff may begin asking about preparation efforts prior to the compliance date.

SEC-CFTC Roundtable on Regulatory Harmonization Efforts

On September 29, the SEC and CFTC hosted a joint roundtable to "[hear] from industry leaders on how the two agencies can better coordinate on behalf of the American public," as SEC Chairman Paul Atkins **stated**. He emphasized the need to "collaborate seamlessly, reduce duplicative regulation, and give markets the clarity they deserve." Atkins also referenced blockchain and financial innovation as central themes in the agencies' vision for a harmonized regulatory future.

SEC Division of Investment Management ("IM") Issues No-Action Letter Regarding Custody of Crypto Assets

On September 30, IM **issued** a no-action letter stating that it would not recommend enforcement action to the SEC under Rule 206(4)-2 of the Advisers Act against RIAs that treat a State Trust Company as a "bank," as defined in the Advisers Act, for purposes of the placement and maintenance of crypto assets and related cash or cash equivalents reasonably necessary to effect transactions in crypto assets. IM confirmed this position is subject to certain conditions being met:

- Due diligence: Prior to engaging with the State Trust Company—and on an annual basis thereafter—the adviser must have a reasonable basis to believe that the State Trust Company:
 - Is authorized by a state banking authority to custody digital assets and related cash; and
 - Maintains and implements written internal policies reasonably designed to safeguard digital assets (including review of financial statements and SOC reports).
- Written agreement: The adviser must have a written agreement with the State Trust Company stating that the trust company:
 - Will not, directly or indirectly, lend, pledge, hypothecate, or rehypothecate any crypto assets held in custody for the RIA's clients without the prior written consent of the client, and then only for the account of that client; and
 - Will segregate such assets from the State Trust Company's own assets.
- Disclosures: The adviser must provide appropriate disclosures regarding any material risks associated with using State Trust Companies as custodian of Crypto Assets.
- Client best interest: The adviser must reasonably determine that the use of the State Trust Company is in its clients' best interest.

Q4 Key Reporting & Disclosure Deadlines

10/30/25 Q3 2025 Quarterly Transaction Reports

11/14/25 Form 13F Quarterly Filing

11/28/25 Quarterly Form PF for Large Hedge Fund Advisers; Quarterly Form PF Event Reporting

12/08/25 Preliminary Statement Payments for IARD Renewal Program Due

Key Rulemaking Tracker

HighCamp maintains a Key Rulemaking Tracker with effective dates and pending rule proposals on its [website](#).

Interested in UK Regulatory Updates?

In addition to our coverage of SEC developments, we're proud to partner with Judd Advisory, a UK-based compliance consultancy. Click [here](#) to read Judd's FCA regulatory updates, UK market developments and to stay informed on key issues affecting UK-regulated firms.

About HighCamp Compliance



Compliance at a Higher Elevation

HighCamp is a boutique compliance consulting and outsourcing firm helmed by former SEC examiners, CCOs and proven consulting professionals. The firm specializes in regulatory compliance and operational support for SEC-registered private equity, real estate, venture capital, hedge fund, and institutional alternative managers. HighCamp is 100-percent employee owned, with a gender-balanced leadership team. The company has locations in New York City (Metro), Los Angeles, Denver, Dallas, and Bozeman.