

# 2026 First Quarter Newsletter

## Rule Proposals, Risk Alerts, & More for Investment Advisers

January marked one year since former Chairman Gary Gensler departed the Commission, providing an opportunity to reflect on developments over the past year and the changes following Chairman Paul Atkins' appointment in April 2025.

During this period, the SEC experienced staff turnover, withdrew a number of proposed rules from the prior regulatory agenda, and delayed implementation of many finalized rules. The Commission also announced a new Director of Enforcement, who subsequently stepped down, and has issued a range of public statements outlining its regulatory priorities and areas of focus.

In the years ahead, we expect increased rulemaking activity focused on revisiting, streamlining, and modernizing existing rules rather than introducing entirely new regulatory frameworks, similar to the Form PF proposal discussed below.

Following the quarter end, the SEC and CFTC jointly **proposed** amendments to Form PF. Among other changes, the proposal would increase the reporting threshold for private fund regulatory assets under management from \$150 million to \$1 billion, eliminate certain quarterly event reporting requirements for private equity advisers, and streamline reporting obligations for large hedge fund advisers.

Public commentary from SEC leadership indicates that recordkeeping, political contributions, custody, and accredited investor accreditation standards remain on the SEC's modernization agenda. Because rulemaking is inherently laborious, even under ordinary circumstances, and the Division of Investment Management has experienced significant attrition, we believe it is unlikely the SEC will finalize rules across all of these areas in the near term. However, selective progress beyond Form PF remains possible.

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

## First Quarter Headlines

### **SEC Announces Enforcement Director's Resignation**

On March 16, the SEC **announced** that Margaret Ryan, Director of the Division of Enforcement ("Enforcement"), had resigned from her role. Subsequent to the end of the quarter, the SEC **appointed** David Woodcock as the new Director of Enforcement. Mr. Woodcock joins the Commission from private practice, where he worked following his tenure as the Regional Director of the Fort Worth Regional Office from 2011 to 2015.

### **SEC & CFTC Announce Memorandum of Understanding Between Agencies**

On March 11, the SEC and the CFTC **announced** a memorandum of understanding intended to serve as a roadmap for greater harmonization between the agencies. In the release, SEC Chairman Paul Atkins stated that regulatory "turf wars" and differing regulatory regimes have stifled innovation and pushed market participants to other jurisdictions. The MoU is designed to align certain regulatory definitions, coordinate oversight, and facilitate data sharing between the agencies.

### **SEC Provides Additional FAQ Guidance to the Marketing Rule**

On January 15, staff of the Division of Investment Management **issued** an FAQ addressing the use of model fees under the Marketing Rule. The guidance clarifies that while advisers may present net performance using actual fees, doing so could be misleading if the fees charged to the intended audience are expected to be higher, depending on the facts and circumstances. In such cases, advisers should consider whether additional disclosures or the use of model fees reflecting anticipated costs are necessary to avoid violating the rule's general prohibitions. The staff also addressed disqualification provisions for testimonials and endorsements, clarifying in a separate FAQ that certain self-regulatory organization orders may not trigger disqualification under the Marketing Rule, subject to specific conditions.

### **Commissioner Crenshaw Departs the SEC**

On January 2, the SEC **announced** the departure of Commissioner Caroline Crenshaw. Following her departure, the Commission is operating with three sitting Commissioners, below the five-member composition contemplated by statute. The remaining Commissioners are all Republicans.

## Did You Know?

"In 1980, the Commonwealth of Massachusetts barred the sale of Apple Computer stock as too risky. The basis for denying the application was a regulatory provision, which stipulated that the price per share could not exceed 20 times earnings, while at the time, Apple was offered at 90 times earnings. This decision resulted in Massachusetts investors initially missing out on holding stock in a company that would go on to become one of the most valuable in the technology sector."

– **Remarks** from Commission Uyeda at the 53<sup>rd</sup> Annual Securities Regulation Institute – January 26, 2026

## Q1 Key Enforcement Actions and News

We pick up where we left off on December 31 in our 2025 **[Year In Review for Investment Advisers](#)**. Please note all sources are hyperlinked rather than footnoted.

### **Chairman Atkins Speaks at SIFMA’s C&L Annual Seminar**

On March 23, SEC Chairman Paul Atkins **[spoke](#)** at SFIMA’s annual seminar and highlighted several potential areas of focus:

- Indicated the SEC is likely to have a busy rulemaking agenda with this calendar year being busy with a lot of proposals, noting the need to modernize the regulatory framework and conduct “spring cleaning” of the rulebook
- Criticized the prior administration’s electronic communications enforcement efforts, stating they were not the “SEC’s finest hour”
- Suggested potential updates to Regulation S-P, particularly incident response, describing it as an area with significant complexity that may warrant review
- Noted that the Advisers Act Political Contributions Rule is “absolutely” on the agenda and “begging to be resolved”

### **Chairman Atkins Delivers Remarks Before SEC Speaks**

On March 19, SEC Chairman Paul Atkins **[delivered](#)** remarks at SEC speaks where he laid out his “ACT” strategy.

- Advance – recognize that a rulebook crafted for one era does not automatically serve investors well in another
- Clarity – the goal is to draw clear and abiding regulatory lines
- Transform – transform the rulebook by trimming immaterial requirements that burden the market without a corresponding benefit to investors

### **SEC Clarifies the Application of Federal Securities Laws to Crypto Assets**

On March 17, the SEC **[issued](#)** interpretive guidance discussing how federal securities laws apply to crypto assets and related transactions. The release reiterates that the analysis depends on the economic realities of the arrangement rather than labels, distinguishes certain categories of crypto assets that generally are not themselves securities, and discusses activities such as staking, mining, and airdrops. The guidance is intended to clarify the SEC’s existing analytical framework rather than create a new regulatory regime.

### **California VC Diversity Law Suspended**

On March 17, just weeks before the April 1 reporting deadline, the California Department of Financial Protection and Innovation (“DFPI”) **[announced](#)** that it is suspending implementation and enforcement of California’s Fair Investment Practices by Venture Capital Companies Law (the “VC Diversity Law”). The law requires certain venture capital firms to file annual reports regarding demographic data for portfolio company founding teams. The law was controversial, in part

because covered entities included firms with a “California Nexus,” such as firms investing in California-based companies or advisers soliciting or receiving investments from California residents or entities. The DFPI stated that it will seek input from industry participants and other stakeholders over the coming months before initiating formal rulemaking. Once initiated, the rulemaking process must be completed within one year.

## **SEC Charges Adviser for Breaching Its Fiduciary Duty and Contravening Its Disclosures**

On February 25, the SEC **announced** settled charges against an adviser for selling loans to private fund clients as part of a broader “season and sell” strategy without reasonably determining whether the trades were at fair market value, contrary to its obligations under its advisory agreements and representations to investors. According to the SEC, the adviser routinely sold portions of loans it originated to affiliated funds at prices based on par value less fees, including during the COVID-19 market disruption, without adequately assessing whether those prices reflected current market conditions, while representing to an independent review agent that the transactions were at fair market value.

## **Division of Enforcement Announces Updates to Enforcement Manual**

On February 24, Enforcement **issued** a press release that announced updates to its Enforcement Manual aimed at improving consistency, transparency, and efficiency in investigative practices. The revisions formalize aspects of the Wells process, including generally providing recipients four weeks to submit a Wells response, sharing information about potential charges and remedies, and promoting earlier engagement with senior Enforcement staff. The updates also address how Enforcement evaluates cooperation and remediation, noting that timely and proactive cooperation is critical and may result in reduced or, in some cases, zero penalties. Additional changes relate to settlement processes, internal coordination, and referrals to criminal authorities. Enforcement also indicated the Manual will be reviewed annually going forward.

## **Former Director of Enforcement Makes First Public Remarks**

On February 11, the SEC’s then-Director of Enforcement, Margaret Ryan, **made** her first public remarks before the Los Angeles County Bar Association, addressing two primary topics: process and priorities. Ryan emphasized the importance of a fair and transparent Wells notice process, noting that a senior member of Enforcement leadership will attend every Wells meeting and that Enforcement will look to conduct the process in a reasonable and timely manner. With respect to enforcement priorities, Ryan stated that she is far more focused on the quality and impact of enforcement actions than on the volume of cases. She noted that Enforcement will “continue to focus on uncovering and deterring fraud that wipes out American investors’ [savings and investments]” and will “continue to charge violations of the securities laws for misconduct that clearly undermines market integrity, including accounting fraud, insider trading, wash trading, and market manipulation schemes.”

## **SEC Charges State-Registered Adviser for Unfair Allocation Practices**

On February 10, the SEC **announced** a settlement with an adviser alleging the adviser executed trades through block trading omnibus accounts and then waited until the end of the trading day to allocate the trades either to himself or advisory clients. The SEC alleged that the adviser

disproportionately allocated profitable trades to accounts in which he had a beneficial interest, while allocating less favorable trades to client accounts, resulting in a disadvantage to clients.

### **SEC Hosts Compliance Outreach for Regulation S-P**

On January 22, the SEC **hosted** its third and final outreach event for Regulation S-P, this time focusing on small firms in advance of their June 3, 2026 compliance date. The webinar touched on enhanced incident response obligations, customer notification requirements, and the importance of identifying and documenting cybersecurity risks on an ongoing basis. Staff emphasized that compliance expectations are tailored to a firm's size and complexity, but advisers should maintain a documented process for identifying and assessing risks, oversee service providers appropriately, and ensure timely escalation and response to incidents, including making customer notification determinations within the rule's 30-day timeframe where applicable. The discussion also provided practical insight into how the SEC's Technology Controls Program approaches examinations, with a focus on data mapping, vendor oversight, and testing whether firms' written policies and procedures are actually implemented in practice.

### **SEC Charges Adviser for Hedge Clause Violation**

On January 20, the SEC **announced** a settlement with an adviser after alleging violations concerning their use of hedge and assignment clauses in their advisory agreements and violations of the custody rule. The SEC claimed that clients were required to sign advisory agreements that contained misleading statements regarding the scope of each adviser's unwaivable fiduciary duty and could lead a client to believe, incorrectly, that the client had waived a non-waivable cause of action against the adviser provided by state or federal law.

### **SEC Charges Adviser with Conflict-of-Interest Disclosure Failure in SPAC Transactions**

On January 16, the SEC **settled** charges against a private fund adviser for allegedly failing to adequately disclose conflicts of interest related to SPAC transactions. According to the SEC, the adviser used assets from certain clients to provide financing through a forward purchase agreement and a PIPE investment for a SPAC transaction in which the adviser and its personnel held ownership interests, including founder shares and warrants. The SEC alleged that the completion of the transaction depended on this financing, creating a material conflict that was not fully and fairly disclosed to the clients whose assets were used.

### **SEC Releases its Fiscal Year 2025 Agency Report**

On January 12, the SEC **released** its 2025 Agency Report, which, among other things, outlines the Commission's priorities. These include establishing a framework for digital assets, reinvigorating the market for IPOs, and modernizing or revising various aspects of the Commission's rules and operations. The report also highlights the SEC's "progress in advancing [its] priorities." Additional highlights include: a 17% reduction in headcount across SEC offices and divisions since the beginning of the fiscal year, bringing staffing to approximately 4,000 employees and 2,300 contractors; the SEC meeting its annual target for the percentage of investment advisers examined; and the initiation of changes to its performance management system in response to a directive from the Office of Personnel Management.

## SEC Fills Multiple Senior Positions

In January, the SEC announced that it had filled several senior level positions.

- Keith Cassidy was appointed as the Director of the Division of Examinations. Mr. Cassidy had served as the Acting Director since May 2024 ([SEC Press Release](#)).
- J. Russell McGranahan was named the SEC's General Counsel ([SEC Press Release](#)).
- Paul Tzur and David Morrell were named as Deputy Directors of the Division of Enforcement ([SEC Press Release](#)).

## SEC Announces Multiple Insider Trading Charges

- **March 30, 2026** - The SEC charged an individual with insider trading for allegedly trading on material nonpublic information obtained through a chain of personal relationships, where the information originated from an investment bank employee whose work laptop was accessed without authorization. According to the complaint, a third party used a device to simulate activity and prevent the laptop from auto-locking, allowing access to sensitive M&A information that was then shared and used for trading.
- **February 13, 2026** – The SEC settled insider trading charges against a Senior Vice President of a public company after he allegedly sold company securities upon learning from his supervisor that the company was likely to file for bankruptcy.
- **January 21, 2026** – An individual at a biotechnology company allegedly purchased out-of-the-money put options on the basis of material nonpublic information after learning that the FDA had decided to delay approval of an immunotherapy for bladder cancer.
- **January 21, 2026** – The SEC charged an individual who served as a translator for two executives with insider trading after allegedly purchasing stock based on material nonpublic information obtained during translated calls regarding a potential acquisition.

## Q1 Key Reporting & Disclosure Deadlines

**05/11/26** FINRA IARD Begins Phased Rollout of ID.me Verification; IARD Annual SAA User Account Certification Process Kicks off

**05/15/26** Quarterly Form 13F Filing Due

**05/30/26** Quarterly Form PF for Large Hedge Fund Advisers Due; Quarterly Form PF Event Reporting for Private Equity Advisers 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

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