Standish

Q3 2026 REGULATORY FORUM

Upcoming Regulatory Deadlines

- Form 13F Institutional Manager Report – **Due 11/16/26**
- Form PF PE Material Event Reporting – **Due 11/29/26**
- Form PF Quarterly Large HF Filing – **Due 11/30/26**
- Treasury Clearing Compliance (Cash Transactions) – **Due 12/31/26**
- Form PF HF Material Event Reporting – **Due 72 hours after triggering event**
- Form D Private Fund Offerings – **Due 15 days after first sale**
- Schedule 13D Beneficial Ownership – **Due 5 days of exceeding 5% ownership**
- Schedule 13G Beneficial Ownership – **Due within 5 days or 45 days depending on filer status**

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Regulatory Headlines

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- SEC Proposes Rescission of the Pay-to-Play Rule
- CFTC Proposes Reinstating QEP Exemption for SEC-Registered Advisers
- SEC Charges Pre-IPO Private Fund Manager Adit Ventures and Its CEO
- Form PF Compliance Date Extended to July 1, 2027
- Hatteras CEO Penalized for Inadequate Due Diligence on Fund Liquidation

Standish & SEC Events

- Standish AI Governance Roundtable – By Invitation / Summaries Available Upon Request
- Webinar: AI, Compliance, and Regulatory Risk for Advisers (Date to be Announced)
- SEC Virtual National Compliance Outreach Seminar for RICs and RIAs – 11/19

Executive Summary

September 30, 2026 marked the end of the SEC's 2026 fiscal year. The third quarter was one of the busiest under Chairman Paul Atkins, with a series of rule proposals, a Risk Alert from the Division of Examinations on annual compliance reviews, a staff statement on fair value from the Division of Investment Management, and new interpretations from the Division of Corporation Finance on shareholder engagement by Schedule 13G filers. The quarter began with the SEC's publication of its 2026 Regulatory Agenda on July 7. In announcing the regulatory agenda, Atkins restated his commitment to the agency's core mission of protecting investors; facilitating capital formation; and maintaining fair, orderly, and efficient markets, emphasizing innovation and new technology, revitalizing public markets, and facilitating retail investor participation in private markets while preserving investor protection.

The SEC quickly issued a number of proposals tied to this agenda, as summarized below, including proposals to rescind the Pay-to-Play Rule and to expand the "Qualified Client" definition, which would allow many Section 3(c)(1) funds to charge performance fees to all accredited investors. An important Custody Rule proposal followed on October 1 and will be addressed in our next quarterly update. The industry is still awaiting expected rulemaking on investment adviser recordkeeping requirements for AI and electronic communications, among other agenda items, and there is no sign that the private fund adviser rules vacated by the Fifth Circuit in 2024 will be revived. While the SEC has made good progress, it may be difficult to complete all of the rulemaking on its agenda before the next election, which could bring a change in leadership and priorities, and the Commission's reduced membership, discussed below, adds further uncertainty.

On the enforcement front, noteworthy cases involved pre-IPO private funds, undisclosed conflicts arising from referral and product sponsor compensation, and a negligence-based action against an adviser and its CEO for inadequate due diligence on a fund liquidation transaction. Shortly after fiscal year-end, on October 1, the Division of Examinations released a new exam handbook, which included, among other things, a Working Together table setting out reciprocal expectations the examiners and registration. The handbook further notes that registrants may contact their exam team to confirm whether an exam has been closed. This should bring welcome closure after firms respond to deficiency letters.

SEC Staff Developments

Commissioner Hester Peirce left the SEC on October 1, 2026 to become a law professor, nearly 18 months after her second term expired on June 5, 2025. Peirce, who was first appointed in 2018, led the SEC's Crypto Task Force and was a strong advocate for digital asset innovation. Her departure leaves only Chairman Atkins and Commissioner Mark Uyeda, and President Trump has not nominated replacements for any of the open seats. Because of the reduced number of Commissioners, the SEC recently amended its quorum rule to allow a single Commissioner to act in certain circumstances, drawing criticism from investor advocates and congressional

Democrats, who have called for appointments to restore the five-member, bipartisan Commission.

Osman Nawaz, an SEC alumnus and former Gibson Dunn partner (like Enforcement Division Director David Woodcock), succeeded Sam Waldon as Principal Deputy Director of the Division of Enforcement on July 31, 2026. On August 5, 2026, the SEC launched a dedicated Financial Reporting and Accounting Unit within the Division of Enforcement, led by Timothy Zimmerman and Nawaz, to target accounting and disclosure violations.

In a September speech, David Woodcock noted his priorities are fraud, compliance failures, and adviser conflicts and misrepresentations. He also emphasized credit for self-reporting and cooperation, and faster subpoena enforcement when firms delay. In a separate September speech, Exam Division Director Keith Cassidy provided practical exam pointers: raise disagreements at the exit conference, deficiency letters intentionally give no remediation roadmap, and tips for handling document requests.

SEC Enforcement Activity

SEC enforcement activity in Q3 2026 remained low compared to historical levels, suggesting that the agency's post-2025 slowdown suggests a structural reset rather than a temporary transition, although estimated case volume appeared to show a slight rebound compared to Q3 2025. The types of cases on the Q3 docket suggest that the type or potential impact of cases, rather than purely case volume, is a priority. Under Director David Woodcock, the Division of Enforcement continued its "back-to-basics" approach, prioritizing fraud, market manipulation, and individual accountability over broad compliance-based initiatives. Investment adviser and securities offering cases made up a significant share of actions, and insider trading matters rose to approximately 22% of all actions. Pre-IPO private funds were a recurring theme. Other cases that will be posted to our website include private fund offering frauds targeting retail investors, such as a real estate fund Ponzi-like scheme and a pre-IPO fund scheme targeting military veterans, as well as an anti-money laundering case against a dual registrant for late suspicious activity reports, and a subpoena enforcement action against an RIA that allegedly refused to cooperate with an SEC examination. While there were a few routine fraud cases involving cryptocurrency, none were significantly relevant or instructive for most private fund advisers. Although decided at the end of Q2 2026, registrants can expect the Supreme Court case Sripetch v. SEC , which held that the SEC's civil enforcement power does not require the SEC to show investor harm, to continue to influence enforcement strategy and defense and settlement negotiations in the coming months.

Following are noteworthy actions. Other case summaries are available in the Regulatory Forum section of our website at www.standishcompliance.com.

- Derek L. Copeland – 07/13/26
  - Focus Area: Undisclosed Compensation from Private Real Estate Sponsors
  - Firm Description: Adviser Representative of an SEC RIA

- Key Facts:
  - The SEC charged adviser representative Derek L. Copeland for failing to disclose conflicts of interest when recommending 25 private real estate offerings from three sponsor groups, in which clients invested more than $50 million.
  - According to the SEC order, Copeland received nearly $1.5 million in undisclosed compensation from the sponsors, including indirect receipt of placement fees paid by a sponsor to the manager of the investment vehicle, and an ownership interest in a sponsor's affiliates that stood to profit if the real estate projects reached development milestones, such as the sale of a property.
  - Copeland did not disclose these arrangements to clients or obtain approval from the RIA with which he was associated, and he failed to fully and fairly disclose material facts regarding clients' use of securities-based lines of credit to fund the investments.
  - Although the SEC noted that investors typically received positive returns on the recommended investments, Copeland agreed to a censure and a $125,000 civil penalty. The RIA was not charged.
- Takeaway: Positive investment results do not cure undisclosed conflicts. Firms should require adviser representatives to report outside business activities and any compensation from product sponsors and should supervise private placement recommendations closely.

- Papamarkou Wellner Asset Management, Inc. – 07/31/26
  - Focus Area: Failure to Credit Performance-Based Referral Fees
  - Firm Description: SEC RIA and Multi-Family Office (with Approximately $357 Million in RAUM) with Affiliated Placement Agent
  - Key Facts:
    - The SEC charged RIA Papamarkou Wellner Asset Management, Inc., now operating as Papamarkou Wellner Perkin, for failing to credit clients for referral fees its broker-dealer affiliate received from third-party private equity, venture capital, hedge, and real estate fund managers.
    - From 2004 until March 2024, the firm's advisory agreements required it to reduce a client's advisory fee by any referral or placement fees the firm or its affiliate received on account of that client's investment. The firm fully credited referral fees based on a share of managers' management fees.
    - However, between 2010 and 2018, the affiliate entered into agreements with six fund managers that also paid a share of their performance fees, and the firm did not credit that portion to clients, which was inconsistent with its advisory agreements and Form ADV.
    - The SEC also found that the firm failed to implement compliance policies and procedures reasonably designed to calculate and disclose its advisory fees correctly.

The firm agreed to a censure, disgorgement and prejudgment interest of approximately $364,000 to be distributed to clients, and a $125,000 civil penalty.

- Takeaway: Fee offset provisions must be applied to every type of compensation covered by client agreements. Firms should periodically test fee offset calculations, particularly when affiliates receive compensation from third-party managers under differing fee arrangements.

- Adit Ventures Management, LLC & Eric Munson – 08/10/26
  - Focus Area: Pre-IPO Fund Misrepresentations, Conflicted Loans, Principal Transactions & Unauthorized Fees
  - Firm Description: Private Fund Adviser with Approximately $465 Million in RAUM (Unregistered During the Relevant Period)
  - Key Facts:
    - The SEC charged Adit Ventures Management, its CEO, Eric Munson, and three affiliated general partners with defrauding investors in more than 60 pre-IPO funds with more than 1,000 investors. In one example, Munson allegedly induced an investor to commit more than $15 million by representing, including in a side letter, that a fund owned 32,000 Klarna shares when it held none.
    - The general partners allegedly took more than 50 unsecured loans from the funds on below-market terms, often with Munson signing for both borrower and lender, and later pledged millions of pre-IPO shares held by the funds as collateral for a $10 million line of credit without telling investors.
    - The defendants also allegedly bought pre-IPO shares and sold them to client funds at undisclosed markups (in one SpaceX example, $498 per share versus a $420 cost) without the consent required for principal transactions and charged acquisition fees not permitted by fund documents or side letters.
    - The firm claimed the venture capital adviser exemption from 2016 until filing for registration in March 2024, even though certain funds did not qualify. Without admitting the allegations, the defendants consented to judgments, subject to court approval, with monetary relief to be determined by the court, and Munson agreed to an associational bar with the right to reapply after three years.
  - Takeaway: This case highlights several important private fund compliance risks: using fund assets for affiliate or cross-fund financing, principal transactions between advisers or affiliates and client funds, fees not authorized by governing documents, the same individual acting on both sides of a transaction, and reliance on the venture capital adviser exemption without confirming that every fund qualifies.

- 38 Purported Exempt Reporting Advisers – 08/27/26
  - Focus Area: False Form ADV Filings
  - Firm Description: Purported Exempt Reporting Advisers

- Key Facts:
  - Expanding on a sweep highlighted in our prior update, the SEC charged 38 entities with material misrepresentations in Forms ADV filed in 2025 and 2026 to falsely portray themselves as legitimate U.S. advisory firms.
  - Alleged red flags included nonexistent business locations, disconnected or unrelated phone numbers, nearly identical ownership and numerical disclosures across filings, unsupported claims that private fund financial statements had been audited, and failures to provide substantiating records.
  - The SEC removed the entities' filings from its website. The Division of Enforcement's Cyber and Emerging Technologies Unit described the case as an effort to disrupt a "large-scale abuse of SEC adviser filings" by persons likely located overseas.
- Takeaway: The SEC is actively testing the accuracy of exempt reporting adviser filings. All information reported on Form ADV, including office locations, ownership, and private fund audit status, must be accurate and capable of substantiation upon request.

- Independent Financial Group, LLC – 09/08/26
  - Focus Area: Failure to File Form 13F
  - Firm Description: Dually Registered RIA/BD with Approximately $13 Billion in RAUM
  - Key Facts:
    - The SEC charged Independent Financial Group, LLC for failing to file Form 13F for the quarters ended December 31, 2021 through December 31, 2025, despite exercising investment discretion over more than $100 million in Section 13(f) securities.
    - According to the SEC order, the firm's CCOs repeatedly recommended that the firm file. Its first Form 13F, filed in May 2026, reported 1,447 positions worth approximately $4.5 billion.
    - The firm agreed to a censure and a $500,000 civil penalty.
  - Takeaway: Firms should monitor 13(f) filing thresholds as assets grow and act promptly on the advice of their CCOs and compliance teams. Repeated internal recommendations that go unheeded can aggravate the consequences of a filing failure.
- Hatteras Investment Partners, LP & David B. Perkins – 09/18/26
  - Focus Area: Inadequate Due Diligence on Fund Liquidation Transaction
  - Firm Description: SEC RIA with Approximately $114.7 Million in RAUM
  - Key Facts:
    - Facing redemption requests that exceeded 50% of NAV, HIP exchanged the entire portfolio of illiquid alternative assets held by its registered funds for Beneficient preferred shares valued at full NAV, as a path to liquidity.

- According to the SEC order, Perkins, who was also HIP's CCO and board chairman, conducted the due diligence "almost entirely on his own," despite acknowledging he was "not a CPA, not a CFA, not a financial analyst," and proceeded despite red flags, including that goodwill made up 88% of Beneficient's assets, significant prior net losses, and a disclosed SEC investigation of Beneficient's accounting.
- HIP's fractional CFO opposed the deal in mid-November 2021. About three weeks later, Perkins told the board that HIP had completed thorough due diligence, and the board approved the transaction.
- After Beneficient went public through a SPAC merger in 2023, its share price fell more than 40% on the first day of trading, the funds' shares were subject to a lockup Perkins had not anticipated, and the funds lost approximately $300 million. Both respondents agreed to a cease-and-desist order and censure, and Perkins agreed to a $250,000 civil penalty.

- Takeaway: This negligence-based case is a reminder that the duty of care applies to fund-level transactions. Firms considering novel liquidity or restructuring solutions should involve qualified personnel in financial due diligence, document how red flags were resolved, escalate internal objections, and give boards and investors a complete picture of the risks.

- Pursino Advisory Group LLC & Philip Pursino – 09/18/26
  - Focus Area: Overbilling, Inflated RAUM & Improper SEC Registration
  - Firm Description: Previously-Registered Small SEC RIA
  - Key Facts:
    - The SEC charged Pursino Advisory Group LLC and its principal, Philip Pursino, for overbilling clients approximately $54,000 by charging 3% instead of the agreed 2.5% and billing on an unmanaged cash account.
    - The firm also overstated its RAUM on Form ADV ($42 million reported versus well under $25 million actual) and remained SEC-registered when it should have been registered with New York.
    - The SEC noted that similar issues were identified in 2015 and 2017 examinations. Clients were reimbursed, and the respondents agreed to civil penalties of $25,000 and $15,000.
  - Takeaway: Firms should periodically test fee billing against advisory agreements, calculate RAUM accurately, and promptly remediate examination findings. Recurring deficiencies remain a reliable path to enforcement.
- Ellen Polcari – 09/18/26
  - Focus Area: Employee Misappropriation & Fund Bank Account Controls
  - Firm Description: Employee of Two Commonly Owned Venture Capital Advisers
  - Key Facts:

        - The SEC charged Ellen Polcari, a former executive assistant and the only non-owner employee of two venture capital advisers, with misappropriating approximately $1.28 million from funds that raised about $28.67 million from at least 85 investors.
        - At the owner's direction, Polcari opened bank accounts for the funds. On the applications, she falsely identified herself as a controlling partner and majority or sole beneficial owner, listed her home as the fund mailing address, and became the sole authorized signatory. Neither owner had access to the accounts.
        - Polcari allegedly transferred fund money to pay online gambling expenses and credit card bills and used the owner's DocuSign e-signature to transfer one fund's portfolio company shares to herself, selling most of them for $56,000. Her scheme was uncovered when the owner learned of an SEC staff investigation, and she later confessed.
    - Takeaway: Even small firms need checks and balances over fund bank accounts, including who opens them, who has signatory authority, and who receives statements, as well as controls over e-signatures, investor wire instructions, and transfers of fund assets.

- Truist Advisory Services, Inc. – 09/22/26
    - Focus Area: Failure to Supervise Trade Corrections
    - Firm Description: SEC RIA with Approximately $77 Billion in RAUM
    - Key Facts:
        - The SEC charged Truist Advisory Services, Inc. for failing to reasonably supervise an adviser representative who used "cancel-rebill" trade corrections to move 10 losing trades from his personal account into four client accounts, shifting $503,659 in losses to clients.
        - According to the SEC order, the firm approved all 10 requests despite red flags, including the representative's emails referencing margin calls, and did not monitor for patterns of errors by individual representatives as its policies required.
        - Clients were reimbursed with interest, and the firm agreed to a censure and a $200,000 civil penalty.
    - Takeaway: Trade correction procedures should require independent review, escalation of red flags, and surveillance for patterns of errors by individual personnel, particularly where corrections involve personal or related accounts.

- Keith R. Gebert – 09/24/26
    - Focus Area: Undisclosed Referral Fees from Real Estate Fund
    - Firm Description: Founder of State-Registered RIA
    - Key Facts:

        - The SEC charged Keith R. Gebert, founder of a New Jersey state-registered adviser, for advising approximately 36 clients to invest about $10 million in an unaffiliated real estate fund while receiving approximately $509,350 in undisclosed referral fees from the fund's manager.
        - Gebert described the fund as a low-risk, collateralized, fixed-income investment backed by the manager's real estate portfolio and paying 10% or 12% annually, but did not disclose that he would be paid if clients invested.
        - Gebert agreed to disgorgement of $509,350, prejudgment interest of $135,138, a $150,000 civil penalty, and a full industry bar.
    - Takeaway: Together with the Copeland case, this action highlights the SEC's focus on compensation that advisers and their personnel receive from product sponsors. Firms should identify, disclose, and supervise these arrangements.
- Zoe Financial, Inc. – 09/28/26
    - Focus Area: Undisclosed Referral Platform Conflicts
    - Firm Description: SEC RIA with Approximately $284 Million in RAUM
    - Key Facts:
        - The SEC charged FinTech adviser Zoe Financial Inc. for failing to fully and fairly disclose conflicts in its adviser-referral service, which used an algorithm to match prospective clients with network advisers that paid Zoe a portion of their advisory fees.
        - In January 2023, Zoe launched a turnkey asset management platform offering sub-advisory and back-office services to network advisers. Although the algorithm did not consider platform use, salespeople often recommended additional advisers who used the platform without disclosing Zoe's financial incentive.
        - When Zoe later disclosed the conflict, it stated that referrals were based "solely" on clients' answers to onboarding questions, which the SEC found misleading. The firm agreed to a censure, a cease-and-desist order, and a $450,000 civil penalty.
    - Takeaway: Conflict disclosures must accurately describe how a firm's processes operate in practice, including the role of personnel who can influence or override automated processes.
- Meyer Global Management LLC & Owen E.H. Meyer – 09/30/26
    - Focus Area: Pre-IPO Private Fund Fraud
    - Firm Description: Exempt Reporting Adviser
    - Key Facts:
        - In a continuation of a recent enforcement theme, the SEC charged private fund adviser Meyer Global Management LLC and its CEO, Owen E.H. Meyer, with

defrauding retail investors in funds holding SpaceX, OpenAI, and other pre-IPO securities.

- The complaint alleges misuse and misappropriation of fund assets for personal expenses, inflated investor account statements, and releases investors were required to sign to receive reduced distributions.
- The defendants also allegedly failed to cure a capital call deficiency that caused a fund to forfeit an approximately $3 million SpaceX investment. The case is being litigated.

- Takeaway: This was one of several Q3 enforcement actions involving pre-IPO vehicles, along with cases against Spaventa and TSG Capital Advisors (undisclosed markups averaging about 46%), Ivan Moad, and Dinelli and Frankel. Managers of these vehicles should ensure accurate investor reporting, monitor capital call obligations on underlying investments, and disclose all compensation.

- Insider Trading Cases:

  Although insider trading cases made up a significant percentage of SEC enforcement actions during the third quarter, most were routine corporate insider and friend-or-family tipping cases. In one notable case, a lawyer who tipped his relatives about an acquisition but did not trade himself paid a penalty equal to his tippees' profits (In re Venar Ayar). In another, an employee of an EDGAR filing agent and a colleague traded ahead of client filings, making more than $2.2 million, a reminder that outside service providers with early access to filings carry insider trading risk (SEC v. Chen). In August, the SEC also dismissed its civil cases against Terren Peizer and former Congressman Stephen Buyer following presidential pardons. The Peizer case was the first insider trading case built entirely on trading under Rule 10b5-1 plans. The following cases are most relevant to investment advisers.

  - Gavin Wolfe & Jason Satsky (08/21/26) – The SEC charged Jason Satsky, former co-head and later global head of a large investment bank's energy and utility banking group, and Gavin Wolfe, a retired managing director of the same bank and Satsky's longtime friend, with insider trading ahead of the February 2022 announcement of the acquisition of South Jersey Industries. According to the complaint, Satsky tipped Wolfe about the sale process by text and at a basketball game at Madison Square Garden. Wolfe then bought approximately 2.2 million shares, costing at least $53 million, through eight entities he controlled, including an entity that managed assets for family trusts, and made profits of approximately $18.5 million. Wolfe allegedly passed the information to three others, including his own investment manager, and used encrypted messaging apps and a code word to move conversations off standard channels. The complaint alleges that the conduct violated the bank's code of conduct and confidentiality policies, which were covered in annual compliance training, and that Satsky misrepresented his relationship with Wolfe when the bank questioned him in connection with a routine FINRA inquiry. The case is being litigated. It is a reminder for advisers and family offices to monitor personal relationships with deal professionals, unusually large or concentrated positions taken ahead of corporate events, and the use

of off-channel communications, and to ensure employees understand the importance of answering regulatory inquiries about relationships with listed individuals accurately.

- Lawrence Billimek & Alan Williams (09/22/26) – The SEC proposed final judgments based on settlements with Lawrence Billimek, a former trader at a large asset management firm that reportedly managed approximately $283 billion for multiple investment company funds, and Alan Williams, in a case filed in 2022. According to the complaint, beginning in at least 2016, Billimek tipped Williams about large, market-moving trades the firm planned to execute on behalf of clients, in part using prepaid cell phones, and Williams traded ahead of those orders, generating approximately $47 million in illicit profits. The SEC noted that information about the asset manager's upcoming trades was material nonpublic information because the trades were often large enough to affect the price and supply or demand of the securities being traded, and that the firm's code of ethics prohibited access persons from front-running. Billimek agreed to disgorgement of $12,684,000 and Williams agreed to disgorgement and prejudgment interest of approximately $46.7 million, both deemed satisfied by orders in the parallel criminal case, and Billimek agreed to be enjoined under Section 17(j) of the Investment Company Act and Rule 17j-1. The case highlights the importance of restricting access to client order information, surveilling employee and related-party trading for patterns of trading ahead of client orders, and enforcing code of ethics requirements.

SEC Rulemaking & Guidance

The SEC issued a number of rule proposals as highlighted below. In addition, the SEC extended the compliance date for Form PF amendments from October 1, 2026 to July 1, 2027 to provide time to consider final amendments to the form. At a speech in September regarding the SEC's Treasury Clearing Rule, Commissioner Uyeda noted that the SEC does not intend to extend upcoming compliance dates for cash Treasury transactions (December 31, 2026) and repo transactions (June 30, 2027).

- **SEC Proposal to Expand Responsible Retailization of Private Markets & Accredited Investor Qualification** – On September 30, 2026, the SEC proposed a package of amendments to expand retail access to private market strategies through regulated funds (registered funds and business development companies (BDCs)). The proposals would permit registered advisers to charge performance-based compensation to regulated funds, capped at 20% of net gains and subject to fund governance standards, board findings, and disclosure in fund registration and reporting forms. They would also amend the qualified client definition in Rule 205-3 under the Advisers Act to include natural persons and entities that meet the Regulation D accredited investor definition, while removing the separate net worth and assets-under-management tests. This would allow advisers to Section 3(c)(1) funds that are limited to accredited investors to charge performance fees without applying a separate qualified client standard. According to the release, approximately 75% of these funds managed by registered advisers currently limit sales to qualified clients. In addition,

the proposals would modernize interval fund repurchases under Rule 23c-3 and create a rules-based framework for multiple share classes of regulated closed-end funds. The SEC separately requested comment on whether passing a FINRA-developed exam or holding certain professional credentials should qualify an individual as an accredited investor. Private fund managers should evaluate their investor base and fund terms in light of the proposed qualified client change. Comments are due 60 days after publication in the Federal Register. (SEC Release)

- **SEC Proposes to Rescind Pay-to-Play Rule** – On September 3, 2026, the SEC proposed to rescind Rule 206(4)-5, the Advisers Act Pay-to-Play Rule, after concluding that its strict liability framework created disproportionate consequences relative to the rule's anti-corruption goals. If adopted, the rescission would eliminate the two-year compensation ban and related recordkeeping requirements, while leaving existing general federal securities antifraud and fiduciary duty obligations in place. This is a significant development for investment advisers and private fund managers that manage assets for government entities. Until the rule is rescinded, firms should continue to comply with it, and they should also consider Federal Election Campaign Act limits, as well as state and local pay-to-play requirements, which would not be affected and could ultimately need to be monitored at an individual level rather than a unified federal standard. (SEC Press Release)
- **SEC Proposed Regulation Crypto Assets** – On August 18, 2026, the SEC proposed Regulation Crypto Assets, a tailored offering framework for certain investment contracts involving crypto assets that builds on the SEC's March 2026 interpretation of how the federal securities laws apply to crypto assets. The proposal includes a one-time exemption for offerings of up to $5 million during a four-year period and an exemption for offerings of up to $75 million in each 12-month period, both subject to principles-based narrative disclosures, with financial statements and ongoing reporting required for the larger exemption. The proposal also includes a conditional safe harbor under which a crypto asset would no longer be deemed subject to an investment contract once the issuer has completed or permanently ceased the essential managerial efforts it promised investors, and a Securities Act "qualified purchaser" definition that would preempt state registration requirements for these offerings and certain secondary transactions. Advisers and private funds that invest in early-stage crypto projects should monitor the proposal, which could affect token offering terms, disclosure available to investors, and the analysis of when a token stops being treated as a security. (SEC Press Release)
- **SEC Proposed Regulation E-Delivery** – On July 16, 2026, the SEC proposed Regulation E-Delivery, which would replace its decades-old electronic delivery guidance with a rule-based framework. Issuers, investment advisers, broker-dealers, and other covered entities could deliver required information electronically without first obtaining affirmative consent, as long as the recipient has provided an electronic address, the firm has given a prominent disclosure that information will be delivered to that address, and the recipient has not opted out. Information containing personal financial information would have to be delivered through a "statement of availability," such as an email with a link to a website or portal. Recipients could opt out or request free paper copies, and firms would have to send two paper notices before moving existing paper recipients to electronic delivery. For advisers,

the proposal would provide a clear basis for delivering Form ADV brochures and other required client communications electronically. Because most private fund subscription documents already include consent to electronic delivery, the main benefit for private fund managers would be greater legal certainty and less need to track individual consents. Firms should review their investor portal practices against the proposed statement of availability and website requirements. (SEC Press Release)

- **SEC Risk Alert: Investment Adviser Annual Compliance Reviews** – On September 14, 2026, the SEC's Division of Examinations published a Risk Alert summarizing staff observations from recent examinations regarding investment advisers' annual reviews of their compliance policies and procedures under Rule 206(4)-7. The Division identified recurring issues with the timeliness of reviews, the completeness of review procedures, alignment between policies and actual practices, documentation, and follow-through on corrective actions. Our recent client alert outlines the specific deficiencies the staff identified, what they mean for RIAs and their CCOs, and how Standish can help firms ensure their annual review process meets SEC standards before their next examination. (SEC Risk Alert)
- **Statement on Fair Value Measurement & Disclosure Considerations for Private Assets** – On September 28, 2026, Brian Daly, Director of the Division of Investment Management, and Kurt Hohl, its Chief Accountant, issued a staff statement on fair value measurement and disclosure for private assets, with a focus on private credit, noting that private credit held by registered funds grew nearly 60% from 2020 to 2025, to $270 billion. While directed primarily at registered closed-end funds, interval funds, tender offer funds, BDCs, and their auditors, the statement reiterates existing U.S. GAAP and Rule 2a-5 principles, including reflecting market participant assumptions rather than relying only on borrower-specific data, calibrating valuation models to transaction prices and periodically reassessing them against market indicators, confirming the conditions for relying on an underlying fund's reported NAV, and providing entity-specific disclosure of valuation techniques, significant unobservable inputs, loan modifications, non-accruals, and payment-in-kind income. As the staff noted, "a lack of timely information does not relieve management of its responsibility to estimate fair value." Although the statement does not directly address private fund advisers, the same principles apply to private funds that prepare audited GAAP financial statements. Private credit, fund-of-funds, and secondaries managers should review their valuation policies and disclosures and expect auditors to apply more scrutiny. (SEC Statement)
- **SEC Staff Interpretations on Schedule 13G Shareholder Engagement** – On September 2, 2026, the Division of Corporation Finance issued three new interpretations (CFIs 103.13 through 103.15) addressing whether shareholder engagement disqualifies an investor from reporting beneficial ownership on Schedule 13G rather than Schedule 13D. The staff indicated that each of the following would not, by itself, disqualify a filer: meeting with an issuer at the issuer's request to discuss the investor's views or votes on shareholder proposals, discussing its views and voting considerations with a proxy solicitor, and contacting an issuer solely to clarify its disclosures or public communications. The determination remains based on all facts and circumstances, and engagement that

pressures management to adopt specific measures may still be viewed as an effort to influence control under the staff's February 2025 guidance. Advisers that file Schedule 13G should review their engagement practices and train investment personnel accordingly. (SEC Interpretations)

Other Regulatory Developments

Noteworthy rulemaking by other regulators included the permanent end to FinCEN beneficial ownership reporting for U.S. companies (following the interim rule in March 2025). In addition, amendments to FINRA Rule 5123 approved by the SEC on July 24, 2026 expand the rule's filing exemptions to include offerings sold to family offices and other entities that qualify as accredited investors based on owning more than $5 million in investments or assets. Following are other CFTC developments relevant to private fund managers.

- **CFTC Proposal for CPO and CTA Registration Exemptions** – On August 18, 2026, the CFTC proposed amendments to Part 4 of its regulations that would reinstate Rule 4.13(a)(4), the "QEP Exemption" from commodity pool operator (CPO) registration, which the CFTC rescinded in 2012. The exemption would be available only to SEC-registered investment advisers, on a pool-by-pool basis and regardless of trading volume, for privately offered pools (including Rule 506(c) offerings) limited to natural persons who are QEPs other than solely under the Portfolio Requirement and to entities that are qualified eligible persons (QEPs) or certain accredited investors. Advisers would file Form PF only if otherwise required and would file and annually affirm a notice with NFA. The proposal would also restore related CTA relief and raise the small pool exemption threshold from $400,000 to $800,000. The final rule would supersede CFTC Staff Letters 25-50 and 26-06, with pools already relying on Letter 25-50 generally grandfathered from redemption requirements. SEC-registered advisers relying on the *de minimis* exemption may benefit, while exempt reporting and state-registered advisers would remain ineligible. Firms relying on Letter 25-50 should confirm their investor base meets the revised standards. (CFTC Press Release)
- **CFTC Updated FAQs on Crypto Assets and Blockchain Technologies** – On September 24, 2026, CFTC staff updated FAQs on crypto assets and blockchain technologies first issued in March 2026. The updates confirm that futures commission merchants and derivatives clearing organizations may invest customer funds in tokenized forms of permitted investments under Regulation 1.25, that tokenized money market fund shares may be used as margin for uncleared swaps if the underlying fund qualifies (crypto assets, including payment stablecoins, remain ineligible), and that recordkeeping under Rule 1.31 is "technology neutral," so onchain records may satisfy registrant recordkeeping requirements if appropriate controls are in place. The FAQs supplement CFTC Staff Letters 25-39 and 26-05 and are not binding. The direct impact on private fund managers is limited, although the recordkeeping guidance may matter to registered CPOs and CTAs, and the margin guidance may matter to funds that post margin on uncleared swaps. (CFTC Press Release)

The SEC hosted several public meetings and roundtables this quarter, as follows, and will host its national compliance outreach seminar for investment advisers and investment companies on November 19, 2026.

- Small Business Capital Formation Advisory Committee Meetings (07/21/26 and 08/06/26) – Public meetings continuing the committee's discussion of market access modernization, including IPOs and small public company capital formation.
- Investor Advisory Committee Meeting (09/10/26) – Public meeting with panels on AI technologies and the public markets information ecosystem, and on Regulation NMS.
- 24-Hour Trading Roundtable (09/17/26) – Public roundtable on exchange and broker-dealer readiness for 24-hour trading, including overnight surveillance, clearance and settlement, operational resiliency, and cybersecurity.
- Virtual National Compliance Outreach Seminar for Investment Advisers and Investment Companies (11/19/26) – Upcoming virtual seminar for CCOs and senior personnel covering registered investment adviser, private fund adviser, and registered fund topics, compliance program effectiveness, and information security.

Recent & Upcoming Events

We continue to host and participate in events focused on current regulatory developments and practical compliance considerations. We will send invitations for upcoming events and post them to our website. **If you missed a session and would like access to the presentation materials or recordings, or to receive invitations to future events, please contact Joe Sacht – jsacht@standishcompliance.com.**

- Standish Compliance AI Governance Roundtable (Monthly Calls)
  - Topics focus on how firms are utilizing AI in their business, governance practices, and other hot topics. By invitation only. Summaries are available to other clients upon request.
- Webinar: Innovation Meets Oversight: AI, Compliance, and Regulatory Risk for Advisers (Date to be Announced)
  - Topics will include how the SEC is thinking about AI, governance, oversight, and policy design; and vendor risk, due diligence, and recordkeeping considerations.

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