SEC Examination Update
Division of Examinations Publishes New Exam Handbook

On October 1, 2026, the SEC's Division of Examinations published The SEC Exam Handbook: A Practical Guide on Process and Engagement. The 15-page handbook replaces and expands the Division's prior examination brochure and describes each stage of an examination, from risk-based selection through the disposition letter. The Division stated that the handbook is intended to promote consistency across examiners nationwide and reflects a more accessible and collaborative approach. While the handbook does not create new legal obligations, it does provide investment advisers and other registrations with practical tips and resources to help prepare for an examination.

Chairman Paul Atkins stated that "the transparency this handbook provides will make examinations more effective," and Examinations Division Director Keith Cassidy stated that the Division aims "to make the process more consistent and predictable for everyone involved."

Key Takeaways for Investment Advisers

- Selection and Pre-Exam Review – Exam candidates are selected using risk factors such as Exam Division priorities and focus areas; length of time since registration or last exam; prior exam history and disciplinary actions; regulatory filing information; tips and complaints; negative news and market vulnerability; leadership changes; potential conflicts of interest; and higher risk clients, investors or business practices, such as custody of client assets. The handbook states that "being selected for an examination is not, in itself, a signal that something is wrong." Exam staff conduct due diligence and scoping and reviews websites and filings before the exam begins.
- Initial Contact and Document Requests – Most exams begin with a call to the CCO, followed by a formal document request letter. The handbook states that "in most circumstances records should be available to staff within 24 hours," although staff usually provides two weeks to produce records in response to the initial request. Extensions and rolling productions are available for reasonable requests.
- Privilege Logs – Firms withholding documents must provide a privilege log identifying, among other things, the document's creator, recipients, date, and the specific privilege claimed, and must note privilege assertions for redacted portions of produced documents.
- Interviews and Recording – Staff does not record or transcribe meetings and does not consent to the use of recording, transcription, or artificial intelligence notetaking tools. Staff will make Registrants aware of other SEC divisions or offices that participate in interviews. Registrants should not attempt to read into why individuals outside of members of the particular office's exam staff have been included.
- Exit Conference and Disposition – Exam staff typically holds an exit conference designed for the exam team to explain initial thoughts on areas they are looking further into during their post fieldwork portion of the exam d. Firms will receive a disposition letter within 180 days after the later of the completion of the on-site portion or receipt of all requested records, with one additional 180-day period available for certain complex exams.
- Disposition Letter – Registrants will receive a disposition letter indicating that: (1) the examination has concluded; (2) the examination has concluded without findings; or (3) the staff requests that the Registrant undertake corrective action (referred to as a "deficiency letter"). Firms are typically asked to respond in writing within 30 days of the date of a deficiency letter and should request

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an extension promptly if needed. Exam staff strive to provide any comments on the Registrant's response letter to any disposition letter with findings within 60 days of the response but generally do not comment on the adequacy of corrective actions, and the absence of comments does not indicate agreement. Prompt corrective action may be a mitigating factor in enforcement referral decisions.

- Confidentiality and Feedback – Exam information is generally nonpublic, and firms may request confidential treatment under SEC Rule 83 to the SEC's Office of FOIA Services. Firms may raise concerns with exam supervisors, the Examination Hotline (202-551-EXAM), or the SBA National Ombudsman.

Practical Steps for Advisers

The Exam Handbook further includes a table with respect to what Registrants can expect from Exam staff, and what Exam staff expects from Registrants. Based on the guidance provided in the handbook and our extensive experience in helping clients navigate SEC examination, following are several practical steps firms can take to prepare for examinations.

- Update exam readiness procedures to reflect the handbook, including the 24-hour records expectation, the 30-day response timeline, and privilege log requirements.
- Review Form ADV, other regulatory filings, and the firm website for accuracy, since staff reviews them before the exam begins.
- Confirm that AI notetaking and recording tools are disabled during meetings with exam staff, and address this in firm policies.
- Prepare key personnel to explain the firm's business, investment process, and compliance program, and designate a knowledgeable point of contact.
- Track deficiency responses to ensure that required and committed remedial actions are promptly completed.
- Contact the lead examiner after 60 days to confirm closure rather than assuming that no additional communication indicates agreement.

Standish Compliance can assist with exam preparation, mock examinations, and deficiency letter responses. We also have updated our SEC Exam Playbook as a practical guide for private fund managers and other advisers. Please contact us with any questions or if you would like to receive a copy.

Press Release – https://www.sec.gov/newsroom/press-releases/2026-99-secs-division-examinations-announces-new-exam-handbook
SEC Exam Handbook – https://www.sec.gov/files/exam-handbook.pdf