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## SEC Proposes Rescission of Pay-to-Play Rule

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On September 3, 2026, the Securities and Exchange Commission (the “SEC” or “Commission”) proposed to rescind (in its entirety) Rule 206(4)-5 under the Investment Advisers Act of 1940, as amended (the “Pay-to-Play Rule”) and eliminate the corresponding political-contribution recordkeeping requirements in Rule 204-2(a)(18) (the “Proposal”).<sup>1</sup>

The Pay-to-Play Rule currently prohibits investment advisers from providing investment advisory services to government entities where the adviser, its covered associates, or paid endorsers have made or coordinated political contributions to an official of any such government entity within the prior two years.

The Proposal cites the Pay-to-Play Rule’s operational complexity, unintended blanket bans on political contributions that the Commission believes have chilled political speech, de facto strict liability for small donations and compliance “foot faults”. It also notes applicable federal, state, and local laws are better suited to address the relevant risk.

Comments may be submitted within 60 days after publication of the Proposal in the Federal Register. Recission of the Pay-to-Play Rule is contingent on completion of notice-and-comment rulemaking followed by SEC adoption and publication of a final rule. In the meantime, the Pay-to-Play Rule’s current requirements remain in force.

The Weil Private Funds Regulatory team is available to assist with drafting comments and questions about the Proposal’s implications.

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<sup>1</sup>A link to the SEC proposal and press release can be found [here](#).

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