

JULY 2025

WEIL PRIVATE FUNDS REGULATORY REVIEW

Like much of the federal government, the Securities and Exchange Commission (the “**SEC**” or “**Commission**”) has undergone significant and rapid change in the first six months of the Trump administration. This publication summarizes the most important of the recent changes from the past quarter that impact the private funds industry, including: (i) the recent selection of the new Director of the SEC’s Division of Investment Management; (ii) the SEC’s withdrawal of several Gensler-era proposed regulations; (iii) the extension of the compliance dates for Form PF amendments, as well as the new and revised frequently asked question responses (each an “**FAQ**”) concerning Form PF; (iv) the SEC’s resumption of processing registration of Swiss-based investment advisers; (v) the SEC’s 2026 budget proposal; (vi) comments by the SEC Chairman, Commissioners and senior staff at the SEC Speaks 2025 conference (“**SEC Speaks**”) held in Washington, D.C. on May 19 and 20, 2025; and (vii) extended compliance deadlines for recent amendments to investment company reporting requirements.

This publication also discusses the SEC’s charges against the founder of a purported crypto asset and foreign exchange trading company related to misleading disclosures on artificial intelligence in the sale of unregistered securities.

As a reminder, the SEC adopted cybersecurity amendments to Regulation S-P in 2024 that will require significant changes to investment adviser policies and procedures to, among other things, require an incident response program, a client notification program, increased oversight of service providers and additional recordkeeping. Advisers, including private fund advisers, must comply with these new requirements by **December 3, 2025**. Our Private Funds Group and Privacy and Cybersecurity Group have been assisting clients prepare for this upcoming deadline. Please reach out for assistance in updating your policies, procedures and processes.¹

1 A previous alert discussing the amendments to Regulation S-P can be found [here](#).

REGULATORY ROUND-UP

NEW DIRECTOR OF SEC'S DIVISION OF INVESTMENT MANAGEMENT

On June 13, 2025, the SEC announced that Brian T. Daly will become the new Director of the Division of Investment Management ("**Investment Management**"), effective July 8.² The announcement comes on the heels of the departure of Investment Management's former director, Natasha Vij Greiner, effective July 4, 2025.

Daly spent over 14 years as a partner in the investment management groups of two large law firms. At both firms, Daly assisted investment advisers with: legal, compliance, and operational issues; matters that touched on compliance programs, policies, and procedures; fund and management company formation; operational and trading issues; contentious matters; and management company transactions. SEC Chair Paul Atkins expects Daly will be helpful toward developing "common-sense regulation that does not impose unnecessary burdens and genuinely embraces the public comment process." We also believe that Daly's private practice focus on private funds is a further sign of this Commission's priority in facilitating the retailization of private funds.

We expect rulemaking and guidance to increase in the coming weeks and months, particularly around retail access to private markets, Rule 206(4)-2 (the "**Custody Rule**") of the Investment Advisers Act of 1940 (the "**Advisers Act**"), crypto assets and Form PF.

SEC WITHDRAWS SEVERAL PROPOSED REGULATORY ACTIONS INITIATED UNDER FORMER CHAIR GENSLER

Surprising no one, on June 12, 2025, the SEC formally withdrew fourteen proposed rules, most of which were issued while Gary Gensler served as SEC Chair during the prior administration.³ The proposed rules covered a number of subjects, including safeguarding (i.e., custodying) advisory client assets, cybersecurity risk management, enhanced disclosure of environmental, social and governance practices by advisers and registered investment companies, anti-fraud measures, predictive analytics, and outsourcing by investment advisers, among others.

Given that these rules had been proposed but not yet implemented, advisers' legal obligations remain unchanged as a result of the withdrawals.

SEC FURTHER EXTENDS COMPLIANCE DATE FOR FORM PF AMENDMENTS AND PUBLISHES NEW AND REVISED FAQs FOR FORM PF

On June 11, 2025, the SEC announced that it would again extend the compliance date for the February 8, 2024 Form PF amendments to October 1, 2025.⁴ The previous compliance date was June 12, 2025 after an initial extension from the original compliance date of March 12, 2025. As was the case with the previous extension to June 12, 2025, annual filers will not be required to use the amended version of Form PF until submitting filings covering the 2025 calendar year (due April 30, 2026). However, quarterly filers will not be required to use the amended version of Form PF until submitting filings covering Q3 2025 (due November 29, 2025).

As a reminder, the amendments will require all private fund advisers to:

1. Separately report each component fund of a master-feeder arrangement and parallel fund structure, other than a disregarded feeder fund (i.e., a feeder fund that invests all of its assets in a single master fund, US treasury bills, and/or cash and cash equivalents);
2. Include the value of investments in other private funds (including internal and external private funds) when determining whether the adviser is required to file Form PF and whether the adviser meets certain reporting thresholds;
3. Report additional information concerning the adviser and the private funds it advises, including: (i) general identifying information; (ii) assets under management attributable to advised private funds; (iii) withdrawal and redemption rights granted to private fund investors; and (iv) funds' (1) gross asset value and net asset value, (2) inflows and outflows, (3) base currency, (4) borrowings and types of creditors, (5) beneficial ownership information and (6) performance.

While statements from SEC Commissioners express reservations regarding the extent to which the Form PF amendments achieve important regulatory objectives,

² A link to the press release can be found [here](#).

³ A link to recent SEC rulemaking activity, including the withdrawals, can be found [here](#).

⁴ A link to a statement regarding the deadline extension can be found [here](#). A link to the final rule can be found [here](#).

advisers should still be prepared to file on the amended form at the current applicable deadlines.

In addition, on April 4, 2025, Investment Management published FAQs regarding Form PF providing additional guidance on existing questions and new advice in light of recent amendments to the form.⁵ The FAQs expand upon those published in December 2024, which addressed a number of issues created by these amendments, including general instructions, definitions and certain new Form PF questions. Advisers with further questions on completing the amended Form PF following the compliance date should reach out to the Weil Private Funds Regulatory team.

SEC RESUMES PROCESSING APPLICATIONS FOR REGISTRATION OF SWISS INVESTMENT ADVISERS

On June 10, 2025, the SEC announced that it would immediately resume processing registration applications of investment advisers with their principal office and place of business in Switzerland.⁶ The announcement came after discussions between SEC staff and the Swiss Financial Market Supervisory Authority ("**FINMA**") regarding (i) the ability of FINMA-supervised advisers located in Switzerland and registered with the SEC to provide their books, records and personal data directly to the SEC, and (ii) the SEC's ability to conduct on-site visits of such advisers in Switzerland.

Sponsors seeking to register Swiss-based investment advisers with the SEC should reach out to the Weil Private Funds Regulatory team with any questions.

SEC SUBMITS 2026 BUDGET PROPOSAL WITH MODEST CHANGES FROM CURRENT ALLOCATION

On May 30, 2025, the SEC proposed a budget of \$2.149B for the 2026 fiscal year, marking a decrease of approximately \$50M from its current allocation.⁷ The majority of reductions stem from a decrease in the agency's costs associated with personnel compensation and benefits, mainly in the Division of Enforcement ("**Enforcement**"), which saw a requested decrease of approximately \$16M to its budget. With respect to the Division of Examinations' ("**Examinations**") allocation, the proposal includes a decrease of approximately \$4M, signaling that its resources will essentially remain flat.

Overall, we view the proposed changes as relatively modest and do not expect SEC activity, especially exam activity, to change significantly if these budget requests are met.

SEC CHAIRMAN, COMMISSIONERS AND SENIOR STAFF COMMENT ON CURRENT INITIATIVES AND PRIORITIES AT THE SEC SPEAKS 2025 CONFERENCE

On May 19 and May 20, 2025, top SEC officials, including Chairman Atkins, Commissioners and senior staff of Investment Management, Enforcement, and Examinations provided remarks and panel discussions at the SEC Speaks 2025 conference in Washington, D.C. regarding regulatory trends and current priorities of the Commission.⁸

Chairman Atkins signaled an interest in expanding the availability of investments in private funds to retail investors, noting that the growth of private markets and the increased oversight and reporting requirements imposed on registered funds and advisers in the last three decades have prompted reconsideration of the current regulatory regime. Specifically, he called into question the SEC's position held since 2002 that closed-end funds investing 15% or more of their assets in private funds should impose a minimum initial investment requirement of \$25,000 and restrict sales to investors that satisfy the accredited investor standard. Should the SEC seek to revise its current approach to investor protection with respect to these investments in private funds, Atkins stated that the staff will focus on issues concerning disclosure regarding conflicts of interest, illiquidity, and fees.

During the panel held by Enforcement, senior staff downplayed suggestions that SEC enforcement trends would dramatically change during the new administration. Rather, panelists affirmed Enforcement's intention to focus on core issues pertaining to financial and accounting disclosure, market manipulation and breaches of fiduciary duties, with an emphasis on individual liability. Commission panelists speaking for the Asset Management Unit ("**AMU**") noted enforcement priorities will address failure to safeguard assets, misleading strategy disclosures, fraudulent valuation and mismarking of assets, undisclosed fees and expenses, fraudulent allocations, and unauthorized transactions with principals or other affiliates. In addition, AMU staff will maintain focus on fiduciary duties of investment advisers,

5 A link to the FAQs can be found [here](#).

6 A link to the press release can be found [here](#).

7 A link to the budget report can be found [here](#). A link to the Executive Summary of the proposal can be found [here](#).

8 A link to a video recording of SEC Speaks can be found [here](#).

disclosures to fund boards, and cherry-picking, citing *Transamerica*⁹, *Upright*¹⁰, and *Ken Leech*¹¹ as examples of cases the Commission may seek to bring moving forward with regard to each of these priorities, respectively.

Commission panelists also emphasized that, despite the dismissal of charges against Silver Point Capital in March, Enforcement staff will continue to consider bringing actions against advisers that fail to maintain adequate safeguards with respect to the misuse of material non-public information in violation of Rule 204A of the Advisers Act.¹² Also, bringing actions for non-scienter violations of the anti-fraud provisions of the Advisers Act set out in Section 206(2) will remain a priority of Enforcement. Examples of such violations raised at SEC Speaks include issuing false or misleading disclosures to investors, failing to make required SEC filings without remediation, and noncompliance with the Custody Rule.

Investment Management staff acknowledged that questions remain with respect to Rule 206(4)-1 of the Advisers Act (the “**Marketing Rule**”) and suggested more guidance may be forthcoming similar to recently issued Marketing Rule FAQs. The Investment Management panel also detailed interest among SEC staff for broader data to help monitor private funds, aiming to better understand new industry innovations, trends and issues relevant to future policymaking priorities.

In addition to emphasizing a continued focus on Marketing Rule compliance generally, Examinations’ panel discussed important considerations for advisers using artificial intelligence (“**AI**”) to support their operations. Specifically, Examinations staff recommended advisers ensure AI operations involve some form of human supervision, monitor AI’s role in marketing practices and pay special attention to the accuracy of disclosures regarding AI in traditional marketing materials such as private placement memoranda and pitch decks, as well as on websites and social media.

Finally, SEC staff has indicated that exams are expected to continue aggressively with respect to the issues highlighted at SEC Speaks and beyond.

SEC EXTENDS EFFECTIVE AND COMPLIANCE DATES FOR AMENDMENTS TO INVESTMENT COMPANY REPORTING REQUIREMENTS

On April 16, 2025, the SEC announced a two-year extension on the effective date for the amendments to Form N-PORT, adopted on August 28, 2024, from November 17, 2025 to November 17, 2027.¹³ Additionally, the compliance date for fund groups with net assets of \$1 billion or more has been extended from November 17, 2025, to November 17, 2027. For fund groups with net assets less than \$1 billion, the compliance date has been extended from May 18, 2026, to May 18, 2028.

The amendments require more frequent reporting of monthly portfolio holdings and related information to the SEC, revise certain reporting requirements relating to entity identifiers, and require open-end funds to report information about service providers used to comply with liquidity risk management program requirements. Private fund advisers considering utilizing registered investment companies in executing their investment strategies should contact the Weil Private Funds Group with questions on complying with these amendments.

NOTABLE ENFORCEMENT ACTIVITY

ENFORCEMENT ACTION RELATED TO MISLEADING DISCLOSURES ON AI IN THE SALE OF UNREGISTERED SECURITIES

On April 22, 2025, the SEC announced it had brought charges against the founder of a purported crypto asset and foreign exchange trading company (“**PGI**”) for orchestrating an alleged international securities fraud

9 In January, 2025, the SEC settled charges against a registered investment adviser for allegedly misleading investors by disclosing that it “may” provide incentive compensation to its investment adviser representatives in certain circumstances when the adviser was, in fact, paying such incentive compensation to adviser representatives. A press release related to the settlement can be found [here](#). A link to the full SEC Order can be found [here](#).

10 In March, 2025, the SEC filed charges against an individual and a registered investment adviser. The SEC alleged, among other things, that the individual and adviser exceeded fund concentration limits for over two years and collected approximately \$100,000 of advisory fees on the fund’s assets that exceeded this limit. Additionally, the adviser allegedly failed to disclose key information to the board of a trust fund registered as an investment company which it managed. A press release related to the charges can be found [here](#). A link to the full SEC Complaint can be found [here](#).

11 In November, 2024, the SEC filed charges for breach of fiduciary duty and antifraud violations against the former co-chief investment officer of a registered investment adviser. The Order alleged that the individual engaged in a multi-year cherry-picking scheme to allocate favorable trades to certain portfolios, while allocating unfavorable trades to others. The individual allegedly waited until the end of a trading day to allocate trades to specific portfolios so that he could see whether the market value of his trades increased or decreased. He then allocated trades generating gains to certain favored portfolios (including his own personal assets), effectively allowing him to steal from disfavored portfolios. A press release related to the charges can be found [here](#). A link to the full SEC Complaint can be found [here](#).

12 Further information on the dismissal of SEC v. Silver Point can be found [here](#).

13 A press release related to the extension can be found [here](#). A link to the updated final rule can be found [here](#).

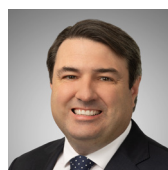
scheme and misappropriating investor funds in violation of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("**Securities Act**") as well as Section 10(b) of the Securities Exchange Act of 1934 (the "**Exchange Act**") and Rule 10b-5 thereunder.

According to the Complaint¹⁴, the founder allegedly raised \$198 million from investors via the offer and sale of unregistered securities through various platforms including social media. Accordingly, the SEC viewed the offering of such unregistered securities to non-accredited investors as violating Sections 5(a) and 5(c) of the Securities Act. Additionally, marketing materials indicated that PGI was a crypto asset and foreign exchange company, and investors were told, among other things including promises of guaranteed returns, that PGI had developed a platform to trade crypto assets using AI. However, the Complaint indicates that the founder was aware that this platform did not exist, and that few, if any, trades were being conducted on investors' behalf, through AI or otherwise. Moreover, the founder ultimately misappropriated over \$57 million of investor funds for personal luxury expenditures. Such misappropriations, as well as the false claims regarding the use of AI in trading, supported the SEC's claims of violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

We view this initial enforcement activity as a signal that the SEC under the current administration will focus on the accuracy of disclosures related to AI. Accordingly, investment advisers should pay close attention to any marketing material referencing the use of AI, including with respect to use of AI in making investment decisions.

Weil's Private Funds Group is available to help.

Please reach out to:



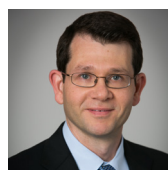
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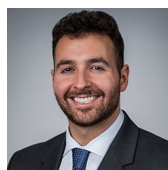
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14 A press release related to the charges can be found [here](#). A link to the full SEC Complaint can be found [here](#). A related Weil article can be found [here](#).