

November 20, 2025

SEC Division of Examinations Announces 2026 Examination Priorities

By Christopher Mulligan,
Christopher Scully, David Wohl,
Andrew Dean, John Bradshaw,
Stephen Filocomo and Jake Pero

On November 17, 2025, the SEC's Division of Examinations (the "**Division**") issued its examination priorities (the "**Priorities**") for 2026, which detail the key examination topics and risks that the Division intends to prioritize in the exam setting.¹ While the Priorities do not specifically include private fund advisers under a separate header this year, "private funds" and "alternative investments" are identified throughout the Priorities. In addition, the Priorities highlight numerous focus areas that apply widely to investment advisers, including private fund advisers. In addition to the usual topics, such as marketing, custody, disclosures, and cybersecurity, a few notable topic areas this year include recently merged advisers, Regulation S-P, the intersection of alternative investments and retail and private credit funds.²

Regulation S-P

In preparation for the compliance dates for the amendments to Regulation S-P, the Division plans to engage firms during examinations about their progress in preparing the requisite incident response programs. After the applicable compliance dates, the Division will examine whether firms have developed, implemented, and maintained policies and procedures in accordance with the rule's new provisions that address administrative, technical, and physical safeguards for the protection of customer information.

Fiduciary Duty - Investment Recommendations and Disclosures

The Division announced that it will examine investment advisers' adherence to duties of care and loyalty owed to clients (including accuracy of investor disclosures), with an emphasis on retail, focusing on:

- Advisers to private funds that are also advising separately managed accounts and/or newly registered funds (e.g., reviewing for favoritism in investment allocations and interfund transfers);
- Advisers to newly launched private funds;
- Advisers that have not previously advised private funds;
- Recommendations of certain products that may be particularly sensitive to market volatility;

¹ A press release related to the publication can be found [here](#). The full publication can be found [here](#).

² Notably absent from the Priorities is crypto securities.

- Disclosures that are consistent with clients' investment objectives, risk tolerance, and financial/personal backgrounds;
- Alternative investments (including private credit and private funds with investment lock-up for extended periods);
- Complex investments such as exchange-traded funds ("**ETFs**") wrappers on less liquid underlying strategies, as well as products with higher commissions and investment expenses than similar products and investments; and
- Types of advisers and advisory services that may create additional risks and potential or actual conflicts of interest, including advisers that are dually registered as broker-dealers, advisers using third parties to access client accounts where controls may be insufficient to protect client assets and data, and advisers that have merged, been consolidated with, or acquired by existing advisers.

Adviser Compliance Programs

The Division will continue to review the effectiveness of advisers' compliance programs under the requirements of Rule 206(4)-7 (i.e., the Compliance Rule) under the Investment Advisers Act of 1940, as amended. Such reviews will remain focused on the core areas of advisers' compliance programs, including:

- Marketing;
- Valuation, trading, portfolio management;
- Disclosure and filings;
- Custody; and
- Annual reviews.

Areas on which examinations may focus include: (1) whether the policies and procedures are implemented and enforced; and (2) whether disclosures address fee-related conflicts, with a focus on conflicts that arise from account and product compensations structures.

Cybersecurity

The Division will continue to review firms' practices to prevent interruptions to critical services and to protect investor information, records and assets. The Division will pay particular attention to firms' policies and procedures pertaining to governance practices, data loss prevention, access controls, account management, and responses and recovery to cyber-related incidents, including those related to ransomware attacks.

In addition, the Division will focus on training and security controls that firms are employing to identify and mitigate new risks associated with artificial intelligence ("**AI**") and polymorphic malware attacks.

Emerging Financial Technology

The Division will focus on firms' use of certain products and services, such as automated investment tools, AI technologies, and trading algorithms and platforms, and the risks associated with their usage. With respect to AI, the Division will focus on recent advancements in AI and will review for accuracy registrant representations regarding their AI capabilities. The Division will assess whether firms have implemented adequate policies and procedures to monitor and/or supervise their use of AI technologies,

including for tasks related to fraud prevention and detection, back-office operations, anti-money laundering, and trading functions, as applicable.

Registered Investment Companies (“RICs”)

The Division will continue to prioritize examinations of RICs, including mutual funds and ETFs, due to their importance to retail investors, particularly those saving for retirement.

Examinations of RICs will generally focus on their compliance programs, disclosure filings and governance practices. The Division will particularly monitor the following developing areas of interest:

- RICs participating in mergers or similar transactions.
- RICs that use complex strategies and/or have significant holdings of less liquid or illiquid investments, including any associated issues regarding valuation and conflicts of interest.
- RICs with novel strategies or investments, including funds with leverage vulnerabilities.

Similarly to investment advisers, the Division will prioritize RICs that have not previously undergone an examination.

In response to these priorities, advisers should review their current practices, policies, procedures and disclosures and reach out to the Weil Private Funds Group with any questions.

* * *

Private Funds Alert is published by the Private Funds practice of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, +1 212 310 8000, www.weil.com.

If you have questions concerning the contents of this alert, or would like more information about Weil’s Private Funds practice, please speak to your regular contact at Weil or to the authors:

Authors

Christopher Mulligan (DC)	View Bio	christopher.mulligan@weil.com	+1 202 682 7007
Christopher Scully (DC)	View Bio	christopher.scully@weil.com	+1 202 682 7119
David Wohl (NY)	View Bio	david.wohl@weil.com	+1 212 310 8933
Andrew Dean (NY)	View Bio	andrew.dean@weil.com	+1 212 310 8970
John Bradshaw (NY)	View Bio	john.bradshaw@weil.com	+1 212 310 8535
Stephen Filocomo (NY)	View Bio	stephen.filocomo@weil.com	+1 212 310 8639
Jake Pero (NY)	View Bio	jake.pero@weil.com	+1 212 310 8539

© 2025 Weil, Gotshal & Manges LLP. All rights reserved. Quotation with attribution is permitted. This publication provides general information and should not be used or taken as legal advice for specific situations that depend on the evaluation of precise factual circumstances. The views expressed in these articles reflect those of the authors and not necessarily the views of Weil, Gotshal & Manges LLP. If you would like to add a colleague to our mailing list, please [click here](#). If you need to change or remove your name from our mailing list, send an email to weil.alerts@weil.com.