

## SEC Proposes New Private Fund Adviser Rules

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**PRACTICES** Investment Management, Fund Formation and Management, Private Equity

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On February 9, 2022, the Securities and Exchange Commission (“**SEC**”) proposed a series of new rules under the Investment Advisers Act of 1940, as amended (“**Advisers Act**”) that would impose significant new regulatory requirements, obligations, and restrictions on private fund advisers. If adopted, the proposed new rules would:

- Require private fund advisers to provide private fund investors with quarterly reports that set forth detailed information regarding private fund performance, fees and expenses;
- Require private fund advisers to obtain an annual audit for each private fund;
- Require private fund advisers, in connection with an adviser-led secondary transaction, to provide investors with a fairness opinion and summary of material business relationships between such adviser and the opinion provider;
- Prohibit all private fund advisers from engaging in certain practices and activities that the SEC deems to be contrary to the public interest;
- Prohibit all private fund advisers from providing certain types of preferential treatment that have a material negative effect on other investors, while also prohibiting any other types of preferential treatment unless properly disclosed to investors; and
- Require all advisers, including those who do not advise private funds, to document their annual compliance reviews pursuant to Rule 206(4)-7 under the Advisers Act.

These proposed new rules are designed to protect those who directly or indirectly invest in private funds by increasing transparency into certain practices, imposing requirements with respect to certain practices that have the potential to harm investors, and prohibiting certain activity or practices that the SEC believes are contrary to the public interest and the protection of investors.

[Read the full article here.](#)