

Kurt Gottschall in FundFire: ‘SEC Outsource Rule Poses Sweeping Impact on Private Fund Managers’

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Haynes Boone Partner [Kurt Gottschall](#) was featured in a *FundFire* article. Below is an excerpt:

Managers tapping service providers for fundraising, deals due diligence, ESG tracking or portfolio company monitoring may face big reporting burdens. ...

“We haven’t drilled down with all of our clients about what is going to be a covered function or not under the rule,” said Kurt Gottschall, a partner in the SEC enforcement law practice at Haynes Boone. “It’s going to be a lot of headaches for compliance officers to sort that out... We’re going to see a lot of industry comments taking issue with that.”

One common function that private fund managers outsource is due diligence on prospective deals, which could qualify as an investment or portfolio management risk requiring reporting under the rule, Gottschall said.

Another is reporting on ESG criteria related to deals and portfolio company operations, an area where demand for information from investors and investment teams has surged, with many managers hiring vendors to help them gather relevant data, he said. New ESG reporting requirements from the SEC itself will only add to that task’s “critical” quotient, he said.

Private fund players also often outsource services related to monitoring and managing their portfolio companies, which can factor into future investment returns and qualify for compliance reporting, Gottschall said.

And private fund shops, like other asset managers, would likely face additional reporting on their software vendors, fund administrators and external client service platforms, he said.

Excerpted from *FundFire*. To read the full article, click [here](#).