



Retirement News Highlights

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SEC finalizes rule bringing changes to private funds

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The SEC voted to finalize a controversial rule Wednesday that will require increased disclosure from private fund advisers and prohibit certain fee arrangements.

Specifically, the rule will require private fund advisers to supply investors with quarterly statements, including information on fees, expenses and performance; obtain an annual audit for each fund it manages; and acquire a fairness opinion in connection with an adviser-led secondary transaction.

It will also bar advisers from various activities and practices "that are contrary to the public interest and the protection of investors," unless they disclose certain information, or in some cases, receive consent from investors, according to an SEC fact sheet on the rule.

The rule passed in a 3-2 vote, with both Republican commissioners voting against it.

Many industry groups have expressed opposition to the rule proposal after it was first released in February 2022, though SEC Chairman Gary Gensler said during Wednesday's meeting that the final rule is sufficiently different from the proposal.

Separately, in another 3-2 vote along party lines, the SEC finalized a rule that will narrow the exemptions for when registered broker-dealers can forgo membership with the Financial Industry Regulatory Authority.

Under the Securities Exchange Act of 1934, any broker or dealer registered with the SEC must become a member of a national securities association — FINRA is the only registered national securities association — unless the broker or dealer affects "transactions in securities solely on an exchange of which it is a member," according to an SEC fact sheet on the rule.

The rule will further narrow these exemptions in an effort to boost oversight, Mr. Gensler said.

"National securities association membership will help enhance robust and consistent oversight, particularly with regard to cross-market and off-exchange oversight," Mr. Gensler said in a news release Wednesday.

More on this story to come.

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