



COMMENTARY  
JANUARY 2019

## How SEC's List of Examination Priorities for 2019 Will Affect Private Fund Advisers

### IN SHORT

**The Situation:** The Office of Compliance Inspections and Examinations ("OCIE") of the U.S. Securities and Exchange Commission has released its 2019 Examination Priorities ("[Report](#)").

**The Result:** The Report details key areas where OCIE currently intends to focus its examination resources in 2019, many of which should be of particular interest to private fund advisers.

**Looking Ahead:** Investment advisers should be vigilant in identifying and correcting all deficiencies, whether or not those deficiencies are among the Report's focus areas.

On December 20, 2018, OCIE released its 2019 Report, detailing key areas where OCIE currently intends to focus its resources in 2019. The Report contains many of the same priorities that were included in the 2018 Examination Priorities, but places an increased focus on conflicts of interest matters and portfolio management issues.

While the Report addresses key areas for all investment advisers, this *Commentary* explores the Report's key areas (e.g., fees and expenses, conflicts of interest, portfolio management and trading, digital asset and cybersecurity) that should be of particular interest to private fund advisers (e.g., advisers to real estate, hedge, private equity, and venture capital funds).

Advisers should be aware that the priorities identified in the Report are not exhaustive and, therefore, should be vigilant in identifying and correcting all deficiencies, whether or not those deficiencies are among the Report's focus areas (e.g., in annual reviews of their compliance policies and procedures as required by Rule 206(4)-7 under the U.S. Investment Advisers Act of 1940).

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### THREE KEY TAKEAWAYS

1. All investment advisers should review the entire Report, since it describes key areas where OCIE currently intends to focus in 2019 (e.g., conflicts of interest).
2. Investment advisers to private funds may want to pay special attention to the Report's discussion of fees and expenses, conflicts of interest, portfolio management, and trading, digital assets, and cybersecurity.
3. Investment advisers to private funds should also



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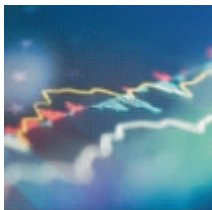


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review OCIE's recent risk alerts, which cover topics such as electronic messaging, best execution, and advisory fees and expenses.

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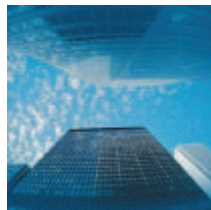
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