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SEC Proposes Advisers Act Reforms Focusing on Private Fund Investor Protections

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On February 9, 2022, the U.S. Securities and Exchange Commission (the "SEC") proposed new rules and amendments to existing rules under the U.S. Investment Advisers Act of 1940 that would have notable practical implications for private fund advisers, in many cases regardless of the adviser's registration status. The Proposed Rules include prohibitions or mandates regarding certain practices and private fund terms that historically have been addressed through negotiations between advisers and private fund investors and/or disclosure of the adviser's practices to private fund investors. In particular, several of the proposals represent a significant deviation from the traditional paradigm of the Advisers Act as a disclosure-based regime with respect to conflicts of interest. With the Proposed Rules, the SEC's stated goal is to enhance both the regulation of private fund advisers and the protection of private fund investors by increasing transparency, competition and efficiency. The SEC's proposal is the latest in a wave of recently proposed reforms in the private funds space.

Please read the full article for more details on this timely development.

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