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2026 SEC Examination Priorities for Investment Advisers – Same Tune, New Notes

November 24, 2025

On November 17, 2025, the SEC's Division of Examinations released its 2026 Examination Priorities ("Priorities"). Despite a shift in "tone at the top" under Chair Atkins, the Priorities indicate that the Division will continue to examine many longstanding areas of concern.

Priorities Impacting Investment Advisers

The Division identified several key areas relevant to investment advisers including:

- Adherence to fiduciary standards of conduct, particularly in business lines serving retail investors;
- Management of financial conflicts of interest that could compromise impartial advice and related disclosures;
- Recently registered or never examined advisers; and
- Effectiveness of compliance programs, especially where advisers change their business model or expand into new lines of activity.

The Priorities also highlight business models that may raise conflicts of interest, including:

- Advisers that are dually registered as broker-dealers, particularly when the same individuals are both advisory representatives and registered representatives, given that their compensation may create conflicts of interest related to account recommendations and allocations;
- Advisers using third parties to access client accounts, where inadequate controls could put client assets and data at risk; and
- Advisers acquiring, acquired by, or merging or consolidating with, other advisory firms.

The Division notes that examinations may be tailored to an adviser's practices or products. For example, advisers engaged in activist investing may receive increased scrutiny, particularly regarding Schedules 13D and 13G; Form 13F; Forms 3, 4, and 5; and Form N-PX. Similarly, advisers that alter their business models or expand into new assets, services, or client bases should expect closer review. These priorities reflect the Division's longstanding focus on whether advisers' policies and procedures are reasonably designed in light of the particular risks presented by their business.

While the Division appears poised to continue examining many familiar areas, some topics are less prominent this year. Notably, crypto assets receive no mention, which is unsurprising given the numerous public statements by current SEC and administration leadership. Likewise, the Priorities omit explicit references to expense allocations and private fund fee calculations. Nevertheless, the Division is unlikely to overlook these issues, and errors identified during examinations may still lead to investor reimbursements[1] — or worse, may even lead to enforcement, as happened in one recent case. As the release notes, the Priorities are not exhaustive, and examinations continue to address other traditional and emerging risks.

As expected, the Priorities highlight retail investors as a key focus. The Division will pay particular attention to whether advisers meet their fiduciary obligations in retail-facing business lines. Given the growing "retailization" of alternative assets, this focus may reach more advisers than might initially appear.

Finally, the Division reiterates that every examination will assess the effectiveness of advisers' compliance programs in core areas: marketing, valuation, trading, portfolio management, disclosure and filings, and custody, as well as an analysis of advisers' annual compliance reviews.

Priorities Impacting Various Market Participants

The Priorities also address a number of risks affecting advisers and non-advisers alike, particularly those arising from cybersecurity and new financial technologies, including artificial intelligence ("AI"). For example:

- The Division reaffirms cybersecurity and protection of investor information as core concerns. Examinations will emphasize firms' policies and practices on operational resiliency, as well as their response and recovery protocols for cyber incidents, including data loss prevention, consistent with amended Regulation S-P.

- The Division will review firms' representations about AI capabilities and evaluate whether their policies and procedures adequately monitor and supervise AI use, even in non-advisory functions such as back-office operations and anti-money laundering compliance.
- The Division will also assess compliance with Regulations S-ID and S-P. For Regulation S-ID, examinations will assess whether firms have implemented a written Identity Theft Program for covered accounts. For Regulation S-P, the Division will review whether firms have developed, implemented, and are maintaining policies and procedures consistent with the amendment (or, for exams occurring before the compliance date, whether firms are taking steps to be in compliance).

Takeaways

Although the SEC's approach to rulemaking has evolved, the 2026 Examination Priorities underscore the continuing significance of examinations. Advisers should maintain strong compliance programs and remain focused on fulfilling their fiduciary obligations, especially in business lines serving retail investors and involving emerging technologies such as AI.

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[1] In our experience advising clients undergoing examinations since the change in leadership at the SEC, we have continued to see questions related to fee and expense calculations.

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