

2026 EDITION

The Forecast

Spotting the Issues that Impact Your Success

Corporate

M&A

PREDICTION: It will be a record year for wealth management M&A deals.

WHAT TO DO:

- Prepare for a potential transaction, even if not a short-term goal.
- Enhance your firm's value drivers (e.g., develop talent, grow AUM & have quality financial data).
- Make proactive adjustments to relevant documents to streamline a future transaction.

Real Estate

PREDICTION: Transaction volumes will rebound as interest rates stabilize, but financing structures will remain complex due to market uncertainty.

WHAT TO DO:

- Reassess portfolio valuations and debt covenants in light of evolving interest rate trends.
- Explore joint ventures or alternative financing to unlock liquidity for strategic acquisitions.
- Review lease structures and operating agreements for flexibility in a shifting market.

Capital Markets

PREDICTION: The newly applicable beneficial ownership reporting obligations under Securities Exchange Act Section 16(a) will catch many Foreign Private Issuers by surprise.

WHAT TO DO:

- Identify all potential FPI insiders who may be impacted.

- Provide awareness training to affected insiders and compliance teams.
- Analyze home country laws to determine if an exemption is available.

Transportation

PREDICTION: There will be significant deal opportunities.

WHAT TO DO:

- Monitor regulatory and legislative developments but remain decisive.
- Stress-test existing financings.
- Pursue alternative capital sources, as needed.

Loan Agency & Corporate Trust

PREDICTION: As more debt matures and economic pressures rise, borrowers and issuers will turn to liability management tactics and custom financing solutions to restructure.

WHAT TO DO:

- Review current agreements—especially covenants and amendment rules—to understand refi/recap obligations, including those that may block liability management strategies.
- Keep in mind the practical challenges of “cashless” rollovers or exchanging loans for notes (and vice versa), including open trades on existing debt.
- Coordinate early with agents, service providers and financial advisors to ensure a smooth process.

Venture Capital

PREDICTION: Secondary investing will further mature into both an investment and an exit strategy.

WHAT TO DO:

- Evaluate your regulatory posture – the VC adviser exemption places strict limits on secondaries; registration is less complicated than most VCs believe.
- Negotiate new port co investments with clear mechanisms for transfer outside of sale/IPO.
- Structure new VC funds to facilitate future secondaries (LP-led, GP-led, CVs, etc.).



Hedge Funds

PREDICTION: Institutional investors will continue to seek greater customization, transparency and operational efficiency via managed accounts.

WHAT TO DO:

- Evaluate the feasibility of accepting capital through separately managed accounts and define acceptable terms.
- Determine whether offering managed accounts creates fiduciary, allocation, valuation, liquidity, reporting, counterparty or other issues.
- Review all marketing and fund materials to confirm that proper managed account disclosure is presented.

Private Credit

PREDICTION: There will be an emphasis on niche strategies within traditional direct lending and other credit products.

WHAT TO DO:

- Determine whether your strengths fit within a broader all-weather strategy or if a standalone parallel strategy is viable.
- Confirm that the appropriate legal framework is in place, including fund structure and fund financing arrangements.
- Consider using the “de-centralized pod shop” model to leverage consultant arrangements to provide investment level expertise.

Registered Investment Companies

PREDICTION: Mutual fund ETF share classes will become a reality.

WHAT TO DO:

- Consider trends in the market for registered funds and shareholder demands for tax efficiency and intra-day trading.
- Evaluate investment strategies and holdings for consistency with ETF structure.
- Review exemptive orders and conditions for proceeding and explore relationships to facilitate the addition of such a class.

Compliance

PREDICTION: There will be a heightened SEC focus on cyber and emerging technologies.

WHAT TO DO:

- Review your compliance policies and procedures covering areas such as AI, machine learning, cyber, and social media.
- Assess necessary insurance and other required expenditures to determine appropriate cost allocations in light of your policies, procedures and disclosures.
- Coordinate with your third-party vendors and service providers regarding compliance with newly applicable requirements.

Private Equity

PREDICTION: PE managers will rebrand as private/public market-agnostic firms.

WHAT TO DO:

- Set investor expectations at the outset.
- Don't shy away from difficult conversations on exiting existing investments.
- Determine whether public market limits can be raised or if a hybrid fund is appropriate.

Digital Assets

PREDICTION: Investor demand for digital asset exposure will increase with regulatory clarity.

WHAT TO DO:

- Advisers recommending digital assets to clients will need to take into account the bespoke risks and overall portfolio fit.
- Tokenization of securities will force even advisers that do not deal with direct exposure to cryptocurrencies to adopt policies and operational controls for blockchain assets.
- Consideration will need to be given as to whether digital asset exposure should be direct, via wrapper or through traditional stocks.

Fund Finance

PREDICTION: Fund finance will continue its evolution from primarily a subscription-based product into a broader capital management tool.

WHAT TO DO:

- Incorporate fund finance into broader capital planning early, including at the fund formation stage, rather than being reactive post-launch.
- Engage both traditional banks and non-bank lenders to evaluate available liquidity options, timelines and structural flexibility.
- Review fund and investor documentation and disclosures to ensure alignment with current and anticipated financing strategies.



Litigation & Investigations

Employment

PREDICTION: Employment litigation will increase due to AI proliferation and its job market impact, and AI itself will lead to growth in employment disputes.

WHAT TO DO:

- Plan carefully for restructurings or other reductions in force to hedge against potential employment liabilities.
- Update employment policies and practices to address proper AI usage in employee hiring and evaluation, in anticipation of discrimination and retaliation claims.
- Be intentional in responding to internal complaints, which may include novel tech-related theories.

Commercial Litigation

PREDICTION: Activity will remain elevated due to market volatility, financing disputes, and third-party litigation funders.

WHAT TO DO:

- Prepare internal team for escalation of disputes.
- Coordinate defense early, particularly where investigations or enforcement actions could lead to follow-on civil claims.
- Review contracts and financing documents for dispute risk, focusing on termination rights, governing law, and forum selection clauses.

Activist

PREDICTION: Increased M&A activity will drive more shareholder activism campaigns, especially from first-time and occasional activists.

WHAT TO DO:

- Begin friendly engagement with companies while mindful of SEC’s new Section 13 guidance.
- Conduct governance analysis of the target to evaluate board seat availability, voting thresholds, and special meeting requirements.
- Review advance notice bylaws to determine how and when to nominate directors at the annual meeting.

Regulatory

PREDICTION: SEC examiners will continue to focus on compliance program design and implementation, digital assets and AI-related investments.

WHAT TO DO:

- Assess whether policies are fully carried out and remedy shortcomings swiftly.
- Be mindful of financial crimes compliance, including in the digital asset space.
- Review and document AI-related investment claims and activity.

White Collar

PREDICTION: Insider trading, market manipulation, securities fraud and government program fraud will continue to be prosecutor priorities.

WHAT TO DO:

- Context matters for determining intent, so harness all relevant facts.
- Be aware of the chain of supervision to determine who may be held accountable.
- Evaluate when remedial measures need to be taken, act swiftly, self-report where appropriate, and consult experts as needed.

Bankruptcy/Restructuring

PREDICTION: Increased bankruptcy and “liability management exercise” (“LME”) activity will continue.

WHAT TO DO:

- Companies — take advantage of lower interest rates to refinance in advance of maturities or capture discount through LMEs.
- Lenders — be cognizant of loopholes in loan documents, aware of alternative restructuring processes (e.g., Article 9) that might permit for a more cost-efficient restructuring of a distressed borrower.
- Investors — like lenders, increase diligence and monitoring, look for distressed opportunities when others are fleeing (particularly automotive, subprime, tariff-sensitive businesses, AI).
- Management — engage advisors early, which makes it easier to find solutions and protect interests.

Taxation, ERISA, Trusts & Estates

Taxation

PREDICTION: Investors and managers will sharpen their focus on tax efficiency.

WHAT TO DO:

- Consider ETF conversions of fund and SMA structures.
- Make tax planning an integral part of structuring and investment decisions.
- Review carried interest and management fee arrangements.



ERISA

PREDICTION: Private asset managers will receive greater 401(k) plan interest.

WHAT TO DO:

- Review current private asset product offerings for regulatory and administrative hurdles.
- Assess allocator relationships for potential investment by IRA and 401(k) investors.
- Structure new products and amend existing products to simplify investment by retirement plans.

Trusts & Estates

PREDICTION: Estate tax permanence allows shift in focus to governance and income tax optimization.

WHAT TO DO:

- Sync investment strategies with the income tax “profiles” within the holding structures to maximize after-tax returns.
- Review governance arrangements to ensure durability and alignment with long-term goals.
- Consider strategies to maximize the impact of “basis step-up” for estate-includible assets.

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