

A Publication of Seward & Kissel Regulatory Compliance

SEC Proposes Significant Changes to Regulation of Private Fund Advisers

The SEC [proposed](#) new rules that would dramatically and fundamentally alter the regulation of private fund advisers. The proposed rules would vastly restrict and in some cases expressly prohibit a number of common private fund practices, such as private fund advisers seeking indemnification for simple negligence, and providing preferential treatment to an investor (e.g., through side letters) absent detailed disclosure. The proposed rules would also require private fund advisers to provide investors with quarterly statements detailing information regarding private fund performance, fees and expenses, and private fund advisers to obtain an annual audit for each private fund. Seward & Kissel's client alert on the proposal is available [here](#).

SEC Proposes New Cybersecurity Risk Management Rules and Amendments for Registered Investment Advisers

The SEC [proposed](#) new cybersecurity rules that would require registered investment advisers to (i) adopt and implement written policies and procedures that are reasonably designed to address cybersecurity risks; (ii) report significant cybersecurity incidents affecting the adviser, or its clients, to the SEC confidentially on a newly proposed Form ADV-C; and (iii) maintain, make, and retain certain cybersecurity-related books and records. The proposal would also amend Form ADV Part 2A to require disclosure of significant cybersecurity risks and incidents that affect advisers and their clients. Seward & Kissel's client alert on the proposal is available [here](#).

SEC Proposes Amendments to Regulation 13D-G

The SEC [proposed](#) amendments to the rules governing reporting on Schedule 13D and Schedule 13G. The proposed amendments would shorten the initial filing period for both Schedule 13D and 13G, and require Schedule 13D filers to report certain cash-settled derivative securities. The proposed amendments would also provide further guidance on the circumstances under which two or

more persons will be deemed to have formed a "group" for purposes of beneficial ownership reporting in Schedule 13D and Schedule 13G. Seward & Kissel's client alert on the proposed amendments is available [here](#).

SEC Proposes Short Sale Disclosure Rule

The SEC [proposed](#) new Rule 13f-2 under the Securities Exchange Act of 1934 which would require institutional investment managers exercising investment discretion over short positions that meet or exceed certain thresholds to report monthly on proposed Form SHO specified information relating to month-end short positions and certain daily activity affecting such short positions.

SEC Charges Founder of Registered Investment Adviser with Fraudulent Valuations

The SEC announced [charges](#) against the founder and former chief investment officer of a registered investment adviser alleging that the founder engaged in a scheme to overvalue assets of a mutual fund and a hedge fund by altering inputs and manipulating the code of a third-party pricing service. The founder allegedly collected more than \$26 million in profit distributions through such fraudulent conduct. Seward & Kissel's blog post on the charges is available [here](#).

Upcoming Compliance Due Dates

- TIC Form S (3/15)
- TIC Form SLT (3/23)
- Periodic Report for CPOs (3/30)
- Form ADV annual updating amendment for advisers with a 12/31 fiscal year end (3/31)
- BE-185 (3/31)

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