

## Standish Compliance Regulatory Forum Q3 2024 Updates

The pace of rulemaking by the Securities and Exchange Commission (**SEC**) slowed dramatically in the 3<sup>rd</sup> calendar quarter of 2024 following legal challenges that overturned major rulemaking initiatives, including the private fund adviser rules, in the prior quarter. However, the pace of enforcement actions accelerated as the SEC raced toward the end of its 2024 fiscal year on September 30. Numerous notable enforcement actions were filed in the final month of the fiscal year.

Keith Cassidy was appointed as interim Acting Director for the Division of Examinations in July 2024, after the SEC announced that Richard Best would take a leave from the agency to focus on his health. Later in September, 2024, the SEC announced that Richard Best would serve as Senior Advisor to the Director.

Shortly after the end of the fiscal year, in October of 2024, the SEC announced that Gurbir Grewal, Director of the Division of Enforcement, was leaving the agency. While well-liked within the SEC, Grewal was known in the industry as an advocate of outsized fines and for his tough stance on cryptocurrency. According to the SEC, under Grewal, the SEC brought more than 2,400 enforcement actions and imposed more than \$20 billion in fines and disgorgement. It also barred more than 340 people from Wall Street and awarded more than \$1 billion to whistleblowers.

In early October, the SEC issued a Frequently Asked Questions (**FAQ**) document related to the compliance date of the amendments to Form PF adopted under the "Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers" rule on February 8, 2024. The FAQ confirmed that for annual filers, the first filing on the amended form must be submitted by April 30, 2025. For large hedge fund filers that make quarterly filings, the first filing on the amended form will be due following Q1 of 2025 by May 30, 2025. Finally, large hedge fund filers whose fiscal quarter does not end on a calendar quarter end will be required to transition from a fiscal quarter reporting schedule to calendar quarter reporting following calendar quarter Q2 of 2025, with their first quarterly filing on the new form by August 29, 2025.

Following are the Q3 2024 updates posted in the Standish Compliance Regulatory Forum:

### Rulemaking Updates

- [Qualifying Venture Capital Funds Inflation Adjustment Final Rulemaking \(08/21/24\)](#)
- [AML/CFT Program and Suspicious Activity Report Filing Requirements for RIAs and ERAs Final Rulemaking \(08/28/24\)](#)

### Enforcement Cases

- [26 Firms Pay More Than \\$390 Million for E-Comm Recordkeeping Failures \(08/14/24\)](#)
- [Pay-to-Play Enforcement \(08/19/24\)](#)
- [Failure to Protect Client Funds Against Cyber Intrusions \(08/20/24\)](#)
- [Compliance Failures in Handling Material Nonpublic Information Related to CLOs \(08/26/24\)](#)
- [Crypto-Focused Private Fund Manager Charged with Custody Rule Failures & Misleading Redemption Practices \(09/03/24\)](#)

- [Inadequate Disclosure and Consent for Affiliated Service Provider Expenses \(09/03/24\)](#)
- [Adviser Charged with Custody Rule and Liability Disclaimer Violations \(09/03/24\)](#)
- [Whistleblower Protection Rule Violations \(09/04/24\)](#)
- [Failure to Disclose Fee Increases to Clients \(09/05/24\)](#)
- [Nine Advisers Charged in Ongoing Marketing Rule Sweep \(09/09/24\)](#)
- [Private Fund Conflicts of Interest & Custody Violations \(09/20/24\)](#)
- [ERA Registration & Custody Rule Violations \(09/20/24\)](#)
- [Failure to Supervise Relying Advisers \(09/20/24\)](#)
- [Off-Channel Communications Self-Reporting by Investment Adviser Avoids Penalty \(09/23/24\)](#)
- [Off-Channel Communications Sweep Results in \\$88M Penalties \(09/24/24\)](#)
- [Undisclosed Conflicts of Interest from Activist Consulting Agreements \(09/26/24\)](#)
- [IA Whistleblower Protection Enforcement \(09/26/24\)](#)
- [Inadequate MNPI Policies and Procedures \(09/30/24\)](#)

#### **Risk Alerts & Guidance**

- [SEC to Hold November 2024 Compliance Outreach Program \(09/20/24\)](#)

The Standish Compliance team continues to track and analyze regulatory developments and their impact on our private fund and other clients. Let us know if you have questions regarding any recent regulatory developments or their application to your firm.