Compliance Corner
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SEC Under New Leadership: Changing Priorities and Continued Adviser Scrutiny

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Last year's change in administration brought substantial shifts within the SEC. Under Chairman Paul Atkins and Enforcement Director Judge Margaret "Meg" Ryan, the SEC is adjusting its priorities and adopting new policies with the goal of increasing transparency in the enforcement process while maintaining focus on cases resulting in genuine investor harm. Notwithstanding these swift and significant changes, investment advisers for both retail investors and private funds should take heed that the SEC's scrutiny of the advisory industry remains.

Changes and Priorities at the SEC Under Chairman Atkins and Director Ryan

The SEC has undergone notable leadership and structural changes in 2025. In April, former SEC Commissioner Paul Atkins returned to the SEC as Chairman after years of being in the private sector. In August, he appointed Judge Meg Ryan as the new director of enforcement. While Chairman Atkins and Director Ryan are still relatively new to their respective roles, it is clear they are shifting the priorities of the SEC's enforcement program and steering the agency toward a more transparent, engagement-driven approach to enforcement investigations.

Chairman Atkins has emphasized a focus on "genuine harm and bad acts" over technical or low-impact violations. This likely means deprioritizing certain actions, such as standalone compliance rule failures and off-channel communications cases, while targeting clear misconduct such as fraud, insider trading, market manipulation, offering fraud, and accounting fraud. Chairman Atkins also appears to be taking a more "pro-innovation" approach to regulation. Specifically, he views the cryptocurrency industry positively, communicating the SEC's priority to promulgate clearer regulations to support this novel financial frontier.

This shift in priorities has led to a decrease in enforcement actions. Indeed, actions against investment advisers and their representatives are down about 30% in 2025 compared to 2024. The SEC has also experienced a notable decrease in its workforce—the agency has lost approximately 15% of its enforcement staff. In addition to staffing changes, the SEC's enforcement work likely has been impacted by the lengthy government shutdown. While we expect the SEC to continue scrutinizing investment advisers, there is a notable decrease in overall enforcement activity as a result of shifting priorities and practical realities related to current resources.

In addition to priority changes, Chairman Atkins and Director Ryan are working to change the enforcement process to increase due process and transparency. In a recent speech at Fordham University School of Law, Chairman Atkins outlined reforms the SEC's plans to make to the Wells process, or the process by which the enforcement staff communicates to individuals or entities its intent to recommend charges to the SEC at the end of an investigation. Chairman Atkins noted the importance of this process in "guard[ing] against plain mistakes, extreme legal theories, misinformation, biases and conflicts of interest." Those changes include:

> ***Early engagement and more meetings with senior staff***: Chairman Atkins is encouraging the enforcement staff to meet with defense counsel earlier in the process with the hopes of saving both sides time and resources.
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> ***More time to respond***: Chairman Atkins has directed the enforcement staff to provide at least four weeks for defense to prepare Wells submissions in an effort to be "realistic about time periods for submissions, especially in long, complicated cases."

> ***Access to Evidence***: Chairman Atkins expects the enforcement staff to "make every effort to share information that has been gathered" in the investigation, including relevant evidence "such as testimony transcripts and key documents."

These changes should provide additional opportunities to engage, advocate, and respond to the SEC's investigatory findings prior to facing an enforcement action.

Recent Enforcement Actions Demonstrate Continued Scrutiny for Investment Advisers

Although actions against investment advisers and their representatives have trended downward – approximately 90 cases in 2025 compared to 130 in 2024 – enforcement actions continue across the industry with notable cases against retail and private fund advisers. While the 2025 enforcement actions are consistent with the SEC's stated goal to focus on fraud, they also show that the SEC will continue to pursue enforcement actions against both retail and private fund advisers for non-scienter violations, or violations that are not based on fraudulent intent.

November's "Six-Case Blitz"

Shortly after the government shutdown ended, the SEC filed federal court actions on the same day against six investment advisers for purported misrepresentations in Forms ADV filed with the SEC. The SEC complaints specifically allege that the six advisers to both retail investors and private funds made material misrepresentations related to their organizations, office locations, assets under management, and clients. These cases – all brought under Sections 204(a) (required records) and 207 (untrue statements in SEC reports) of the Investment Advisers Act – show that misrepresentations in regulatory filings remains a high-priority violation for the SEC.

Case Study: TZP Management Associates

While new leadership appears focused on fraud, a recent action against TZP Management Associates ("TZP") shows that private fund investment advisers need to stay focused on compliance risks beyond scienter-based offenses. On August 15, the SEC issued an order settling proceedings against this adviser based on alleged miscalculations of management fee offsets between 2018 and 2023. The SEC identified two fee offset practices that it believed were inconsistent with the fund's limited partnership agreements and were inadequately disclosed to investors, resulting in more than $500,000 in excess management fees. The SEC charged TZP with violating Section 206(2) of the Advisers Act, an anti-fraud non-scienter charge, and ordered disgorgement of the excess fees and payment of a $175,000 penalty.

2026 Examination Priorities

While enforcement trends provide insight into the SEC's priorities for the investment advisory industry, the SEC's Division of Examinations and its priorities also need to be evaluated. On November 17, the SEC's Division of Examinations released its 2026 Examination Priorities with the goal of providing transparency into those areas on which it plans to focus. In connection with the release, Chairman Atkins emphasized that the examination process "should not be a 'gotcha' exercise" and that the publication of the priorities should "enable firms to prepare to have constructive dialogue with SEC examiners."

Advisers should consider the 2026 Examination Priorities, which include, among others, the following:

> ***Information security & operational resiliency***: Examiners will focus on investment advisers' programs and policies for ensuring cybersecurity and protection of investor information in light of ongoing risks associated with cybersecurity attacks and increasing risks associated with technological advancements, such as artificial intelligence (AI).
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> ***Emerging financial technologies & AI oversight***: Examiners will focus on the use of emerging financial technology, including automated investment tools, AI programs, and trading algorithms. Examiners will be particularly interested in the accuracy of firms' representations related to AI and the appropriateness of firm policies for monitoring and supervising the use of AI.
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> ***Compliance program effectiveness***: The examination of the effectiveness of investment advisers' compliance programs will continue to be "a fundamental part of the examination process." The division will continue to prioritize examinations of newly registered advisers and firms that have never been examined. Advisers with recent changes to their business model or products offered should similarly expect additional scrutiny.

Takeaways and Practical Considerations

Given these leadership shifts, enforcement trends, and examination priorities, investment advisers should consider the following:

> ***Stay vigilant***: Under Chairman Atkins and Director Ryan, the SEC's enforcement approach is evolving toward more transparency, fairness in process, and focus on impactful misconduct. Yet, for investment advisers, there is no reduction in scrutiny—both during examinations and in enforcement actions where investor harm is alleged. Given its role as the "top cop" of the investment advisory industry, the SEC will continue to allocate resources to this space. Advisers should follow suit in ensuring that they allocate sufficient internal resources to their compliance personnel, policies and programs.

Private fund advisers are "in play": With the push to allow more retail investor access to private markets and fund investments, scrutiny of private fund advisers will continue, and compliance programs should keep up. Compliance staff should expect continued attention to fee and expense allocations among funds and/or portfolio companies as well as valuation practices, even when conduct falls short of intentional fraud.

Continually review and improve technology-related compliance programs: Although investment advisers would be well-served to continually review and improve their general compliance programs, special focus should be given to rapidly evolving technological developments, working to ensure their policies adequately address the current technological landscape.

Disclosure, disclosure, disclosure: The SEC continues to focus on the adequacy of conflict of interest disclosures, such that compliance departments should do the same. Specifically, compliance personnel should continue to scrutinize their disclosures in ADV brochures and elsewhere to ensure that all fees, other revenues, and conflicts of interest are fully disclosed. Compliance should also stay abreast of any developments within their adviser's business operations to ensure the disclosures are current.

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