

Investment Management Alert

If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Skadden contact.

Heather Cruz

Partner / New York
212.735.2772
heather.cruz@skadden.com

Anna Rips

Partner / New York
212.735.3237
anna.rips@skadden.com

Anastasia T. Rockas

Partner / New York
212.735.2987
anastasia.rockas@skadden.com

David A. Jain

Counsel / New York
212.735.2671
david.jain@skadden.com

This memorandum is provided by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This memorandum is considered advertising under applicable state laws.

One Manhattan West
New York, NY 10001
212.735.3000

SEC Adopts Final Private Fund Adviser Rule

On August 23, 2023, the Securities and Exchange Commission (SEC) voted 3-2 to adopt a final set of rules and amendments under the U.S. Investment Advisers Act of 1940 (collectively, the Final Rules) that significantly expand the regulatory compliance requirements for certain investment advisers.

The Final Rules impact:

- Registered investment advisers.
- Exempt reporting advisers.
- Private advisers.
- Investment advisers that would not otherwise be required to register with the SEC.

The Final Rules are generally consistent with the rules and amendments that the SEC proposed on February 9, 2022 (collectively, the Proposed Rules).

The SEC made certain material adjustments in the Final Rules in response to objections from fund industry groups, private fund advisers and certain institutional investors. In this alert, we include a blackline highlighting those adjustments, to serve as a reference guide.

Following the release of the Proposed Rules, the SEC received numerous comment letters from fund industry groups, private fund advisers and certain institutional investors raising concerns that the Proposed Rules would:

- Mandate specific terms that historically have been negotiated between sophisticated investors and fund advisers.
- Limit investment options.
- Increase investors' costs.

We will take a more detailed look at the Final Rules in a subsequent alert.