

SEC Division of Examinations Announces New Exam Priorities for 2026

By: Mark Shayne, ASA, CPA, ABV, CGMA, Senior Managing Director

Introduction

The SEC Division of Examinations identified four examination Pillars for the new fiscal year: promote compliance, prevent fraud, inform policy, and monitor risk. At the same time, the Division is cognizant of the need to adapt to evolving market forces to ensure that its mission is met.

Federal government regulation has shifted with the new Administration. In tandem, the SEC is shifting its exam priorities to match a new philosophy and fewer available resources under Chairman Paul Atkins. As always, advisors are expected to uphold their duty of care and duty of loyalty responsibilities to limited partners and particularly to retail and older investors, and [of course] avoid conflicts of interest.



Investment and Advisor Priorities

The Division plans to focus on investments and advisors with the following characteristics or strategies:

- Alternative investments (e.g., private credit and private funds with investment lock-ups for extended periods)
- ETF wrappers on less liquid underlying strategies, option-based ETFs, and leveraged and/or inverse ETFs
- Products that have higher costs (expenses, commissions) associated with investing
- Complex strategies in general
- Advisors to private funds that are also advising separately managed accounts, and newly registered or launched funds
- Investments particularly sensitive to market volatility
- Side-by-side management of private funds and separately managed accounts (SMA's)

Assessment of Compliance programs and governance was identified as a fundamental part of the exam process and an effective way to monitor appropriate policy and fund advisor practices. Policies and procedures should address the requirements of the Investment Advisors Act of 1940. Core areas include:

- Marketing
- Valuation
- Trading policy
- Portfolio management
- Disclosure
- Conflicts of interest

Registered Investment Companies

For Registered Investment Companies, bespoke and complex strategies and strategies that emphasize illiquid assets (Level 3) and high leverage, particularly surrounding issues of valuation and conflicts of interest, were highlighted by the Division as areas of interest. Never-before-examined and recently registered funds will also be prioritized for exams.

Cybersecurity

The Division will review established registrant practices to prevent interruptions to mission-critical services; protect investor information, records, and assets; and minimize operational disruption. High risks remain due to the proliferation of cybersecurity and ransomware attacks, firms' dispersed operations, weather-related events, and geopolitical concerns.

Particular attention will focus on firms' policies and procedures pertaining to governance, data protection, access controls, account management, cyber-incident and ransomware response, third-party vendor management, training, anti-money laundering, and security controls to mitigate new risks associated with artificial intelligence (AI).

Conclusion

Obviously, this is not an exhaustive list of the SEC's exam priorities, nor should this brief summary be taken as a blueprint for a compliance program. The full document stating the Division of Examination's priorities can be found here: [2026-exam-priorities.pdf](#).

As an independent, third-party valuation firm with over 35 years of experience, we recognize that illiquid investments and complex securities and structures are high on the list of SEC exam priorities. Please feel free to reach out if you have questions about your investments or compliance programs.

Empire Valuation Consultants

Empire Valuation Consultants has grown into one of the nation's leading and most respected independent valuation consulting firms, preparing 45,000 valuations and assurance engagements over our 35-year history. Our wealth of valuation experience includes nearly every industry and type of investment (equity, debt, real estate-backed assets, intellectual property and intangible assets), offering clients well-balanced valuations that are specifically tailored to each situation. The success of our refined valuation process is reflected in the firm's reputation in the marketplace. Time and again, asset managers, accountants, attorneys and bankers turn to us for timely, defensible, and comprehensible valuation work.



Mark Shayne, ASA, CPA, ABV, CGMA is a Senior Managing Director at Empire Valuation Consultants, LLC. He is an Accredited Senior Appraiser (ASA) of the American Society of Appraisers, and is a Certified Public Accountant (CPA) and Accredited in Business Valuation (ABV) by the American Institute of Certified Public Accountants. He has prepared and supervised over 3,500 valuations of direct and indirect investments in debt, equity, and real-estate backed assets on behalf of major alternative asset managers worldwide. Mark received his BS degree (cum laude) from the Wharton School of Business, and earned an MBA with Distinction from NYU's Stern Graduate School of Business.
mshayne@empireval.com