

2026 Examination Priorities

Including Two Key Risk Areas, and How You Can Prepare

Overview

On November 17, 2025, the SEC's Division of Examinations ("EXAMS") [published](#) its 2026 Examination Priorities. The SEC's fiscal year runs from October 1st to September 30th, and these annual priorities highlight practices and products viewed by EXAMS as presenting heightened risks to investors and the markets overall. As always, EXAMS uses this annual list of priorities to cause firms to evaluate their compliance programs in these focus areas and make necessary changes.

The priorities are shorter and less prescriptive this year than those published during the Gensler era. Private funds received less attention, and crypto, which had an entire sub-section in the 2025 priorities, was not mentioned at all in the 2026 priorities. The message from the current leadership of EXAMS indicated that priorities may shift in response to new or emerging risks, products and services, market events, or investor concerns. One clear shift has already taken place – the movement away from prescriptive priorities back to basic principles of compliance.

These principles are consistent with prior administrations, and one thing is absolutely clear: [Regulation S-P is a priority](#). EXAMS will be looking at how large entities prepared for the compliance date of December 3, 2025.



The Fiduciary Standard of Conduct

Attention will be paid to investment advice and related disclosures provided to clients for consistency with the adviser's fiduciary obligations.

1. The impact of conflicts of interest on providing impartial advice;
2. Consideration of factors associated with investment advice, such as the cost, investment product's or strategy's investment objectives, characteristics, liquidity, risks and potential benefits, volatility, likely performance in a variety of market and economic conditions, time horizon, and cost of exit; and
3. Advisers seeking best execution with the goal of maximizing value for their clients under the particular circumstances occurring at the time of the transaction.

Investment products with the following strategies or characteristics were highlighted:

1. Alternative investments (especially private funds and illiquid investments);
2. Complex investments (e.g., exchange-traded funds (ETFs) wrappers on less liquid underlying strategies, option-based ETFs, and leveraged and/or inverse ETFs); and
3. Products that have higher costs associated with investing (e.g., high commissions and higher investment expenses than similar products/investments).

When it comes to investment recommendations, EXAMS will look for consistency between the adviser's recommendation, the adviser's disclosures, and the objectives and risk tolerance of the client, including:

1. Recommendations to older investors and those saving for retirement;
2. Advisers to private funds that are also advising separately managed accounts and/or newly registered funds (e.g., reviewing for favoritism in investment allocations and interfund transfers);
3. Advisers to newly launched private funds;
4. Recommendations of products sensitive to market volatility; and
5. Advisers that have not previously advised private funds (e.g., reviewing for regulatory awareness, liquidity, valuation, fees, disclosures, and differential treatment of investors, including use of side letters).



Firms Prioritized for Examination

EXAMS continues to view the following types of firms as a higher priority for selection:

- Never Examined Advisers
- Advisers Not Recently Examined

Investment Companies

Examinations of Registered Investment Companies (RICs) will generally review their compliance programs, disclosures, filings, and governance practices. Focus areas may include review of:

1. Fund fees and expenses, and any associated waivers and reimbursements; and
2. Portfolio management practices and disclosures, for consistency with statements about investment strategies or approaches, with fund filings and marketing materials, and the amended Names Rule (after the compliance date of December 11, 2026).

EXAMS will also continue to monitor certain developing areas of interest, such as:

1. RICs that participate in mergers or similar transactions, including any associated operational and compliance challenges;
2. RICs that use complex strategies and/or have significant holdings of less liquid or illiquid investments (e.g., closed-end funds), including any associated issues regarding valuation and conflicts of interest; and
3. RICs with novel strategies or investments, including funds with leverage vulnerabilities.



Risk Areas for Various Market Participants:

1. Information Security and Operational Resiliency

Cybersecurity – reviewing efforts to prevent operational risks and protect investor information, records, and assets. The priorities mention both familiar disruptions due to cybersecurity attacks, dispersed operations, and weather events, and disruptions from new risks such as those associated with artificial intelligence and polymorphic malware attacks.

Reg S-P and Reg S-ID – assessing compliance with Reg S-P and Reg S-ID as applicable, especially the upcoming compliance date for the amendments to Reg S-P requiring advisers to develop, implement, and maintain necessary policies and procedures, including an incident response program designed to detect, respond to, and recover from unauthorized access to or use of customer information.

2. **Emerging Financial Technology and Artificial Intelligence** – Artificial intelligence and automated investment tools were mentioned along with the risks associated with the use of emerging technologies and alternative sources of data.

When using emerging financial technology, EXAMS will review whether:

- Representations are fair and accurate;
- Operations and controls in place are consistent with disclosures made to investors;
- Algorithms lead to advice or recommendations consistent with investors' investment profiles; or
- Controls to confirm that advice or recommendations resulting from automated tools are consistent with regulatory obligations to investors, including retail and older investors.

When using artificial intelligence, EXAMS will focus on:

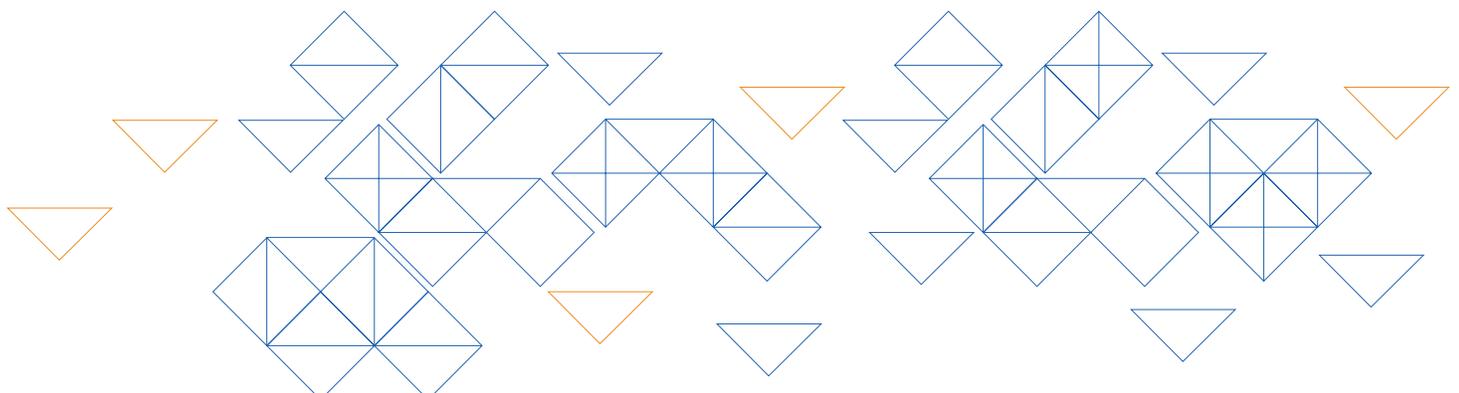
- Recent advancements in AI and the accuracy of registrant representations regarding their AI capabilities or AI;
- Whether firms have implemented adequate policies and procedures to monitor and/or supervise their use of AI technologies, including for tasks related to fraud prevention and detection, back-office operations, anti-money laundering, and trading functions, as applicable.



Need Assistance?

[Fairview](#) provides comprehensive and ongoing compliance administration services for registered advisers, including complete SEC examination support. Our [Cyber Solutions](#) practice specializes in the creation and testing of meaningful cybersecurity and vendor due diligence programs for financial industry businesses, in compliance with SEC regulations, including the finalized amendments to [Regulation S-P](#).

[Contact us today](#) if you have questions concerning the examination process, 2026 Examination priorities, or if you're interested in support for your firm.



About Fairview

Founded in 2005, Fairview[®], LLC provides a full range of back-office support services for investment advisers and other financial institutions. For more information, visit [FairviewInvest.com](https://www.fairviewinvest.com).

