FAIRVIEW

CCO Guide to 2027 Exam Priorities

On October 23, 2026, the SEC's Division of Examinations published its 2027 Examination Priorities. The 2027 priorities don't offer any major surprises, but they do provide guidance that can be helpful to CCOs working to ensure their compliance programs are up to date in advance of the new year.

This year's list combines new focus areas with top priorities carried over from last year, such as Regulation S-P. For investment advisers, the priorities cover conflicts of interest, investment advice, complex products, and private funds. As expected, cybersecurity, emerging technologies (with AI now called "Super Intelligence," or "SI"), and Regulation S-P remain key priorities.

Below are the top 7 priorities from the 2027 Examination Priorities, including our shortlist of recommendations for advisers to ensure their compliance programs meet newer focus areas.

TOP 7 PRIORITIES

2027 Priorities at a Glance

The 2027 priorities name seven focus areas that matter to advisers. Four are top priorities specifically for investment advisers, and three apply to all market participants. Each area below covers what examiners will look for and where to focus first in your own program.

Top Priorities for Investment Advisers

1. **Conflicts of Interest.** One of the few Risk Alerts of 2026 addressed economic conflicts of interest (see our prior coverage), so it is no surprise that the Division will focus on fiduciary duty, including economic conflicts. Examiners will assess whether an adviser's financial conflicts may affect the impartiality of its advice in areas such as fee rebates, fee and expense calculations, cash management, quid pro quo arrangements, deposits and withdrawals.
2. **Investment Advice.** Suitable investment advice is another familiar focus area. The Division will evaluate the factors used to provide investment advice, such as liquidity, risk profile and potential rewards, volatility, projected performance across diverse market and economic conditions, time horizons, and costs (including exit costs), and assess whether such advice is consistent with client profiles, investment objectives, risk tolerance, and other mandates.
3. **Complex Products**. The Division moved away from the term "complex products" and is now prioritizing products that are difficult to trade, have unusual features, or are illiquid. This includes:
   - Alternative Investment Products: such as loans provided by private funds or business development companies (BDCs) and investments in private companies through special purpose vehicles (SPVs).
   - Complex and Higher-Risk Investments: such as exchange-traded funds (ETFs) based on less liquid assets, option-based funds, inverse ETFs, single stock ETFs and zero-days-to-expiration (0DTE) options.
4. **Private Funds**. Examiners will scrutinize investment-related risk disclosures for consistency with fiduciary standards, and whether compliance policies, procedures, and controls address both fund-level and investment-level risks. Examples include disclosures related to certain investments and allocations, use of debt and fund-level lines of credit, use of affiliated service providers, and the accuracy of fee and expense calculations at both the fund and investment levels.

Top Priorities for All Market Participants

5. **Cybersecurity.** Operational resiliency, cybersecurity, and protection of customer information are evergreen priorities.
   - **Firm Protection:** the Division will continue to review policies and procedures on governance practices, data loss prevention, access controls, account management, and response and recovery protocols for cyber incidents, including ransomware attacks.
   - **Third-Party Risks:** examiners will assess risks from registrants' increased use of third-party service providers and shared technologies, including how effectively those risks are managed.
6. **Emerging Technologies.** Artificial intelligence is now referred to as "Super Intelligence" ("SI") in the Examination Priorities.
   - **Firm Use of SI:** the Division will focus on how firms monitor SI and other advanced technologies that may affect market operations, compliance, fraud prevention, and investor protection.
   - **SI-Related Threats:** examiners will also review compliance with relevant rules on assessing and preparing for SI-related cyberattacks, such as SI-generated phishing messages and synthetic or deepfake voice and video used for social engineering.
7. **Regulation S-P. Last but not least, Regulation S-P was again named a priority.** The Division will continue to examine whether firms have reasonably designed policies and procedures covering the safeguards Regulation S-P requires to protect customer information. Expect examiners to focus on implementation of those policies and procedures, especially incident response, customer notification, and oversight of service providers.

How to Prepare

Some of these priorities, such as investment advice and conflicts of interest, aren't new and may already be baked into your compliance program. Still, operations evolve, and it's worth revising all of these on a regular basis to ensure your program remains current.

In advance of the New Year, advisers would be wise to consider the following:

- **Inventory and govern AI and SI.** Know which tools your firm and your vendors are using, what data they can access, and how outputs are supervised. Make sure your policies, disclosures, and marketing claims about AI or SI are accurate and reflect what you actually do.
- **Prepare staff for SI-enabled threats.** Update training and verification procedures to address SI-generated phishing, deepfake voice and video, and other social engineering tactics, especially for wire requests and changes to client account information.
- **Move from Regulation S-P policies to proven implementation.** With the amended Regulation S-P compliance dates now passed, examiners will expect evidence that your incident response program, customer notification procedures, and service provider oversight are operating as designed. Consider a tabletop exercise and a review of vendor contracts and due diligence files before an examiner asks for them.
- **Revisit your conflicts inventory.** Confirm that fee rebates, fee and expense calculations, cash management practices, and revenue-sharing arrangements are identified, eliminated or mitigated, and fully and fairly disclosed (see our prior coverage of the SEC's Risk Alert on undisclosed economic conflicts, and a recent enforcement order for undisclosed conflicts of interest).
- **Review illiquid and unusual products.** Confirm due diligence, client eligibility and risk disclosure for alternatives, SPVs, leveraged, inverse or single stock ETFs, and 0DTE options.
- **Review private fund disclosures and controls.** Confirm that disclosures about allocations, fund-level borrowing, affiliated service providers, and fees and expenses match actual practice at both the fund and investment levels. Track pending changes that affect private fund advisers, including the Custody Rule proposal and the Form PF compliance date extension.
- **Re-test the compliance program after any change.** An acquisition, a new product, new client types, a new branch office, new types of investments, or a new use of AI or SI should each lead to corresponding changes in your program. Document what changed, how you assessed the risk, and changes you made in response.

How Fairview Can Help

Fairview helps support registered investment advisers and other financial institutions with full-service, back office support. We are always tracking SEC and regulatory activity so that we can provide the utmost support to our clients. We offer the following services to help meet these priorities:

AI and SI Support:

Fairview partners with clients to help build and implement a tailored framework for AI usage across their firm, in a way that complies with SEC expectations, mitigates risk, and helps support firms' specific business priorities. This includes assisting in evaluating and implementing new AI products, conducting vendor due diligence, monitoring AI usage, and developing tailored policies and procedures.

Cyber Solutions:

We help advisers build and maintain cyber programs that meet SEC expectations and requirements. This includes vendor due diligence, risk assessments, the development and maintenance of policies and procedures, testing, and employee training.

Full-Service Compliance Services:

Fairview acts as an extension of your team, handling execution, documentation, testing, filings, and exam preparation, so you can focus on running your firm.

Contact us

with questions about the exam process or the 2027 priorities, or to discuss support for your firm.
info@fairviewinvest.com or 919.706.4100.

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.

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