



SEC Examinations: Hot Topics and How to Prepare

Investment Adviser Association 2025 Compliance Conference¹

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In March 2025, the Division of Examinations (“EXAMS” or “Exams” or “Division”) of the Securities and Exchange Commission (“SEC” or, when referring to the Commissioner, the “Commission”) will celebrate its 30-year anniversary. Its mission has grown and evolved over the years. Today, Division Staff conducts examinations pursuant to the Division’s mission, which rests on the following four pillars: (1) promoting compliance; (2) preventing fraud; (3) monitoring risk; and (4) informing policy. Currently, Exams is responsible for examining financial services market participants required to register with the SEC. These registrants include investment companies, broker-dealers, exchanges, FINRA, the MSRB, transfer agents and clearing agencies.

The Investment Adviser/Investment Company (IA/IC) Examination Program conducts examinations of investment advisers and investment companies, such as mutual funds and

¹This CLE/CE outline was prepared in connection with a general session panel presentation with the same title.

²The authors note that this CLE/CE outline was finalized on or about February 20, 2025. For key developments after February 20, 2025, please refer to [Armstrong Teasdale Client Alerts](#).

exchange-traded funds. This CLE/CE outline focuses exclusively on the investment adviser component of the IA/IC Program, which comprises SEC-registered investment advisers. Exempt reporting advisers are not subject to the IA/IC program.

As part of this document, we address both long-time and current SEC exam considerations as well as recent developments in connection with the 2025 Presidential Transition, President Trump's second term, the current Commission, and the new Department of Government Efficiency ("DOGE").³

1. EXAMS: Current Structure, Risk-Based Processes

Exams Staff located at the SEC's D.C. headquarters and across ten Regional Offices are responsible for conducting the examinations of registered investment advisers' books, records and activities. While there are concerted efforts towards uniformity, we have observed over the years mild to moderate variations across the Regional Offices (as compared to each other and D.C. headquarters) in terms of focus areas. Nevertheless, the Division's investment adviser examination program relies on a risk-based process and a range of examination types, both outlined below. This is regardless of whether offices may emphasize certain aspects of current Exams priorities over others.

(a) Risk-Based Process

The risk-based process focuses on both identifying investment advisers perceived as higher-risk and activities considered higher-risk. Therefore, when selecting investment advisers for examinations, the Staff relies on a range of inputs about individual firms as well as the investment adviser industry as a whole. In practice, Exams' risk-based approach to identifying examination candidates continues to evolve and benefits from regular refinement as a result of new data becoming available. Specifically, Exams leverages technology to collect and analyze large sets of industry- and firm-level data to both identify advisers to examine and how to examine them. In addition to data, Exams also leverages disclosure documents and regulatory filings (e.g., Form ADV, including the brochure, and Form PF).⁴ At times, Exams can also leverage other criteria and available information, including, for example, news/media coverage, localized knowledge of advisers from Staff and tips, complaints or referrals.

(b) Types of Examinations

The type of examination for which an investment adviser could be selected also benefits from the risk-based processes described above. Over the years, types of examinations have had slightly

³ Exec. Order No. 14158, Establishing and Implementing the President's "Department of Government Efficiency", 90 Fed. Reg. 8441 (Jan. 20, 2025).

⁴ See, e.g., Division of Examinations Risk Alert, Investment Advisers: Assessing Risks, Scoping Examinations, and Requesting Documents (Sept. 6, 2023), available at <https://www.sec.gov/files/risk-alert-ia-risk-and-requesting-documents-090623.pdf> ("2023 Exam Scope Risk Alert").

different names, but usually fall into one of three categories: (1) standard exams, (2) limited-scope exams and (3) discovery exams. Discovery exams refer to examination questions and inquiries that are designed for Staff to learn more about industry practices or developments. Exams also at times includes discovery questions in standard or limited scope exams.

In the 2023 Exam Scope Risk Alert, the Staff noted that there are also firm-specific risk factors that the Staff considers when selecting advisers for examination, such as those related to a particular adviser's business activities, conflicts of interest, and regulatory history. For example, the Staff may consider: (1) prior examination observations and conduct, such as when the Staff has observed what it believes to be repetitive deficient practices during more than one review of a firm, significant fee- and expense-related issues, and significant compliance program concerns; (2) supervisory concerns, such as disciplinary history of associated individuals or affiliates; (3) tips, complaints, or referrals involving the firm; (4) business activities of the firm or its personnel that may create conflicts of interest, such as outside business activities and the conflicts associated with advisers dually registered as, or affiliated with, broker-dealers; (5) the length of time since the firm's registration or last examination, such as advisers newly registered with the SEC; (6) material changes in a firm's leadership or other personnel; (7) indications that the adviser might be vulnerable to financial or market stresses; (8) reporting by news and media that may involve or impact the firm; (9) data provided by certain third-party data services; (10) the disclosure history of the firm; and (11) whether the firm has access to client and investor assets and/or presents certain gatekeeper or service provider compliance risks.

2. Potential Impact of the 2025 Presidential Transition

As of the date of this document, the 2025 Presidential Transition is fully underway. Long-time Advisers Act legal and compliance practitioners will recall that the Commission in President Trump's first term maintained a strong focus on retail investors and on investment advisers, particularly in connection with the Share Class Share Disclosure Initiative.⁵ This section solely addresses transition developments that provide potential insights into SEC examinations.

(a) Paul Atkins Nominated to Be SEC Chair

Paul Atkins' nomination for SEC Chair remains in progress.⁶ Mr. Atkins' nomination is generally uncontroversial for a range of reasons, including his former tenure as an SEC Commissioner from 2002 through 2008. In his previous tenure, Atkins emphasized "regulatory effectiveness and efficiency," stating that "[i]nvestors need and demand effective recourse to the rule of law and

⁵ Press Release, SEC, SEC Launches Share Class Selection Disclosure Initiative to Encourage Self-Reporting and the Prompt Return of Funds to Investors (Feb. 12, 2018), <https://www.sec.gov/newsroom/press-releases/2018-15>; see also A.Valerie Mirko & Margaret Mudd, *Fiduciary Obligations for Identifying, Managing, and Disclosing Conflicts of Interest* (Sept. 1, 2023).

⁶ P.N.18 - 119th Congress (2025-2026): Nomination for Securities and Exchange Commission, P.N.18, 119th Cong. (2025), <https://www.congress.gov/nomination/119th-congress/18>.

enforceability of contract.”⁷ On regulation, Atkins stated in 2007, “The answer is smart regulation: Do not adopt new rules unless they can pull their own weight. The aggregate burden matters.”⁸

(b) January-February 2025 New Developments: DOGE and the February 18, 2025 Executive Order

The impact of DOGE on the SEC generally and Exams specifically remains unknown, though as practitioners we are continuing to see investment adviser examinations kicking off since January 20, 2025. Nevertheless, there have been reports of staffing impacts outside Exams. For example, there have been reports of long-time SEC Enforcement Staff being reassigned as well as potential reductions of SEC probationary employees.⁹ In our practice, we have also recently seen several internal SEC secondments (e.g., Enforcement to Exams Staff secondments) being cancelled without explanation. Therefore, we expect that additional developments could impact Exams Staff headcount.

On February 18, 2025, President Trump signed an Executive Order entitled Ensuring Accountability for All Agencies (“EO”).¹⁰ The SEC is in scope based on EO’s Section 2. The EO and its accompanying fact sheet focus on the current Administration’s goal to bring independent federal regulatory agencies under the supervision of the President. The EO specifically addresses potential new regulations by noting that independent agencies working on regulations would also be required to submit drafts to an office of the White House, the Office of Information and Regulatory Affairs, for review. The EO further attempts to assert broader authority of the White House Office of Management and Budget (“OMB”) over the budget and activities of independent agencies.

Both the above components of the EO – the new rule review and the broader OMB authority – represent a departure from historical practices. Unlike agencies within the President’s cabinet, the operations of the SEC and other independent commissions/agencies are usually somewhat removed from the White House and from the influence of a particular administration’s political agenda. SEC Chairs tend to leave a distinctive stamp on the Commission’s agenda and direction during their tenure, without White House or OMB direction. Furthermore, while presidents nominate SEC Chairs and Commissioners, terms are not driven by the president. Specifically, once confirmed by the Senate, SEC Chairs and Commissioners typically serve for terms that are not tied to a particular presidential administration. Recently, though, SEC Chairs and Commissioners

⁷ Commissioner Paul S. Atkins, “Speech by SEC Commissioner: Remarks Before SIFMA’s 40th Annual Seminar”, Apr. 1, 2008, <https://www.sec.gov/news/speech/2008/spch040108psa.htm>; see also Commissioner Paul S. Atkins, “Speech by SEC Commissioner: Remarks Before the Investment Advisers Association”, Apr. 11, 2008, <https://www.sec.gov/news/speech/2008/spch041108psa.htm>.

⁸ Commissioner Paul S. Atkins, “Speech by SEC Commissioner: Remarks Before the Investment Adviser Association”, Apr. 27, 2007, <https://www.sec.gov/news/speech/2007/spch042707psa.htm>.

⁹ Andrew Ramonas, *DOGE Targets SEC Next for Job Cuts, Priority Shifts: Explained*, BLOOMBERG LAW (Feb. 20, 2025), https://news.bloomberglaw.com/securities-law/doge-targets-sec-next-for-job-cuts-priority-shiftexplained?utm_source=securitiesdocket.beehiiv.com&utm_medium=referral&utm_campaign=doge-at-the-sec-s-door.

¹⁰ Exec. Order No. 14215, Ensuring Accountability for All Agencies, 90 Fed. Reg. 10447 (Feb. 18, 2025).

have resigned upon the end of a president's term, as seen in the most recent presidential transition.¹¹

Section 7 of the February 18 Executive Order “Ensuring Accountability for All Agencies” states that the President and Attorney General “shall provide authoritative interpretations of law for the executive branch” and their “opinions on questions of law are controlling on all employees in the conduct of their official duties.”¹² The Section further states that “[n]o employee of the executive branch acting in their official capacity may advance an interpretation of the law as the position of the United States that contravenes” the President or Attorney General.¹³ This applies not only to new regulations but also to “positions advanced in litigation.”¹⁴ While any assessment of this provision would be premature, we note that it is more likely to impact the SEC’s Enforcement Division’s work rather than Exams.

(c) January-February 2025: Current Commission

As of January 20, 2025, the Commission is already a majority Republican Commission. Therefore, how the current Commission is moving forward during this interim period is instructive to forecasting future developments. As a result of Commissioner Lizárraga’s departure at the end of 2024,¹⁵ and former Chair Gensler’s departure in January 2025, the Commission is a majority Republican Commission and has already provided a preview of SEC priorities for the next two to three years. Three notable developments in recent weeks are: (1) reports that the Commission has informed SEC Enforcement attorneys that approval is required from the Commissioners for all formal orders of investigation;¹⁶ (2) accelerating a path to compliance for the crypto industry in connection with Crypto 2.0;¹⁷ and (3) creation of the Cyber and Emerging Technologies Unit (“CETU”), with a press release that notes that the CETU’s focus is combatting cyber-related misconduct and, specifically, to protect retail investors from bad actors in the emerging technologies space.¹⁸

¹¹ See, e.g., Press Release, SEC, SEC Chair Gensler to Depart Agency on January 20 (Nov. 21, 2024), <https://www.sec.gov/newsroom/press-releases/2024-182>.

¹² Exec. Order No. 14215, Ensuring Accountability for All Agencies, 90 Fed. Reg. 10447 (Feb. 18, 2025).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Commissioner Jaime Lizárraga, Commissioner Lizárraga’s Statement on His Planned Departure from the Commission (Nov. 22, 2025), <https://www.sec.gov/newsroom/speeches-statements/lizarraga-statement-departure-112224>.

¹⁶ Chris Prentice, *SEC’s Republican-led commission tightens oversight of probes, sources say*, REUTERS (Feb. 3, 2025), <https://www.reuters.com/world/us/secs-republican-led-commission-tightens-oversight-probes-sources-say-2025-02-02/>.

¹⁷ Press Release, SEC, SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force (Jan. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-30>.

¹⁸ Press Release, SEC, SEC Announces Cyber and Emerging Technologies Unit to Protect Retail Investors (Feb. 20, 2025), <https://www.sec.gov/newsroom/press-releases/2025-42>.

The above three developments signal a Commission focusing on recalibrating enforcement, though not eliminating it. The CETU press release is notable in that CETU replaces the Crypto Assets and Cyber Unit, removes “crypto” from the unit name and emphasizes retail investor protection rather than potential crypto harm. Acting Chair Uyeda’s quote notes the importance of balancing investor protection as well as facilitating capital formation and market efficiency by clearing the way for innovation to grow.¹⁹

Another early preview includes the first two enforcement actions under the new Commission: both are retail focused,²⁰ and the investment adviser settlement follows a long-time SEC duty of loyalty case theory.

3. The 2025 SEC Examination Priorities for Registered Investment Advisers

Historically, the core overall program of Exams remains the same, even as administrations and priorities change, largely because main exam priorities focus on fees and expenses, disclosure, and accounting fraud across the range of entities and registrants that are part of Exams’ remit.²¹ Issues such as fees, expenses, disclosure and accounting fraud transcend political differences. Therefore, insofar as changes to Exams do occur, these begin at the SEC headquarter level and with time and coordination filter through to the Regional Offices.

On October 21, 2024, the Division issued its 2025 examination priorities (“2025 Priorities”), reflecting a path towards the historical approach described above.²² The 2025 Priorities reflect long-time areas of focus and emphasize fees, expenses, disclosure and related areas of focus. The 2025 Priorities are broader than just investment advisers and also encompass investment companies, broker-dealers, self-regulatory organizations, clearing agencies and other market participants. For purposes of our summary, we will focus on investment adviser exam priorities and include a few high-level mentions of broker-dealer priorities for investment advisers that are dual registrants.

(a) Summary of 2025 Priorities for Core Investment Adviser Exam Areas

¹⁹ *Id.*

²⁰ See *In the Matter of Centaurus Financial, Inc., Debbie M. Cavanaugh, Michael Y. Hamilton, and Timothy N. Tremblay*, Exchange Act Release No. 102379 (Feb. 7, 2025), available at <https://www.sec.gov/files/litigation/admin/2025/34-102379.pdf>; see also *In the Matter of One Oak Capital Management, LLC and Michael DeRosa*, Advisers Act Release No. 6855 (Feb. 14, 2025), available at <https://www.sec.gov/files/litigation/admin/2025/34-102425.pdf>.

²¹ For additional history and background, see also A. Valerie Mirko & William Nelson, *Season 2, Episode 1 of Brief Encounters, a Podcast of the Washington, D.C. Bar* (2025), available at <https://www.armstrongteasdale.com/valerie-mirko/thought-leadership/series-season-2-episode-1-securities-regulation-and-enforcement-series-insights-on-sec-transition-and-policy-priorities-with-pete-driscoll/>.

²² 2025 Examination Priorities Report, SEC Division of Examinations (Oct. 21, 2024), available at <https://www.sec.gov/files/2025-exam-priorities.pdf>.

With regard to investment advisers, the 2025 Priorities indicate a continued focus on investment adviser fiduciary duty as well as Form CRS. Much as with the 2024 priorities, investment advisers (and broker-dealers) have been put on notice that Exams will continue to place an increased focus on the care obligation, including consideration of reasonably available alternatives, consideration of all costs associated with a recommendation, and approach to recommendations of account types, rollovers, sweep programs, and high-cost, complex, illiquid, and proprietary products.²³ A new addition to the 2025 Priorities is a reference to recommendations related to commercial real estate. Exams is also continuing to focus on the conflicts obligation, including processes for identifying and disclosing conflicts and appropriately mitigating financial professional compensation (including overall structure and supervision).

With regard to disclosure, the 2025 Priorities also indicate a continued focus on the content and delivery of required disclosures, as well as adopting reasonably designed policies and procedures, including supervision, systems for surveillance and training. We emphasize the disclosure aspect of the 2025 Priorities in light of the Share Class Share Disclosure Initiative under Chair Clayton during the last Trump administration.²⁴

Examinations of never examined advisers, recently registered advisers and advisers not recently examined continue to be part of the 2025 Priorities, as in past years.

(b) Continued Focus on Advisers Act Fiduciary Duty

The 2025 Priorities emphasize that the examination of advisers' adherence to duty of care and duty of loyalty remains a priority with specific focus on:

- Investment advice when it comes to high-cost products, unconventional instruments, illiquid and difficult-to-value assets, and assets sensitive to higher interest rates or changing market conditions (including commercial real estate).
- For dual registrants and advisers with affiliated broker-dealers, Exams will focus on assessing investment advice and recommendations to determine whether they are suitable for clients' advisory accounts, reviewing disclosures to clients regarding the capacity in which recommendations are made, reviewing appropriateness of account selection practices (including rollovers from existing brokerage accounts), and assessing mitigation and disclosures of conflicts of interest.
- The impact of advisers' financial conflict of interest on providing impartial advice and best execution and considerations given for non-standard fee arrangements.

(c) Continued Focus on Rule 206(4)-7

²³ See 2024 Examination Priorities Report, SEC Division of Examinations (Oct. 16, 2023), available at <https://www.sec.gov/files/2024-exam-priorities.pdf>.

²⁴ Press Release, SEC, SEC Launches Share Class Selection Disclosure Initiative to Encourage Self-Reporting and the Prompt Return of Funds to Investors (Feb. 12, 2018), <https://www.sec.gov/newsroom/press-releases/2018-15>.

The 2025 Priorities also emphasize that assessing the effectiveness of investment advisers' compliance programs is a fundamental part of the examination process. The 2025 Priorities indicate a focus on compliance programs when it comes to marketing, valuation, trading, portfolio management, disclosure, filings, and custody. Other areas of focus in this section include (1) fiduciary obligations of advisers that outsource investment selection and management, (2) alternative sources of revenue or benefits advisers receive (e.g., selling non-securities based products to clients), and (3) appropriateness and accuracy of fee calculations and disclosure of fee-related conflicts. While these are described in the context of Rule 206(4)-7 in the 2025 Priorities, these topics align closely with the continued focus on fiduciary duty described above.

Other notable areas of the 2025 Priorities include an emphasis on policies and procedures (1) for investment advisers' use of artificial intelligence and advisers and (2) remote supervision. The latter point is particularly relevant in the post-Covid investment adviser industry, where we see more dispersed locations. The 2025 priorities also focus on investment advisers that use a large number of independent contractors working from dispersed locations and note that such examinations may focus on supervision and oversight.

(d) Examination of Private Fund Advisers

The 2025 Priorities for private fund advisers are also closely analogous to the investment adviser exam priorities. The 2025 Priorities indicate examinations will prioritize certain topics, including whether disclosures are consistent with actual practices and whether advisers have met their fiduciary obligations in times of market volatility. The 2025 Priorities also include in this section whether a private fund is exposed to interest rate fluctuations, and particular focus may be on advisers to private funds experiencing poor performance and significant withdrawals and/or holding more leverage or difficult-to-value assets.

The 2025 Priorities note the importance of accuracy of calculations and allocations of private fund fees and expenses (e.g., valuation of illiquid assets, calculation of post commitment period management fees, and offsetting fees and expenses). The 2025 Priorities also emphasize the disclosure of conflicts of interest and risks and adequacy of policies and procedures (e.g., use of debt, fund-level lines of credit, investment allocations, adviser-led secondary transactions, investments held by multiple funds, and using affiliated service providers).

This section of the 2025 Priorities also noted a focus on compliance with recently adopted SEC rules, including updated rules governing investment adviser marketing to assess whether adequate policies and procedures have been established and are being followed. Note that the Marketing Rule was adopted at the end of the last Trump administration, so we expect this component of the 2025 Priorities to continue. In contrast, the 2025 Priorities also refer to a focus on amendments to Form PF; however, on January 29, 2025, the current Commission extended

the compliance date for amendments to Form PF from March 12, 2025 to June 12, 2025.²⁵ Therefore, this is an area of the 2025 Priorities that may be delayed or supplanted by transition related developments.

(e) Form CRS

Form CRS delivery is a requirement for both investment advisers and broker-dealers. While the 2025 Priorities focus the Form CRS discussion on broker-dealers, the recommendations are instructive for investment advisers as well. Specifically, investment advisers should review the descriptions of relationships and services provided to retail customers, as well as details about fees, costs, conflicts of interest, and any disciplinary history disclosed by the firm.

(f) Considerations for Non-U.S Domiciled Investment Advisers

Historically, examinations of SEC-registered investment advisers with a non-U.S. principal place of business usually are remote examinations with a focus on policies and procedures and the investment adviser's activities impacting U.S. clients. SEC Staff also usually coordinates with home country regulators. Components of the 2025 Priorities remain relevant to these investment advisers, particularly the ones focusing on Rule 206(4)-7.

4. Additional 2025 Examination Priorities Relevant to Investment Advisers

(a) Dual Registrants

Dual registrants and advisers with affiliated broker-dealers share similar or analogous exam priorities with investment advisers. For example, the focus areas include evaluating investment advice and products for suitability (which is a component of Advisers Act fiduciary duty), reviewing disclosures to clients about the capacity in which recommendations are made by dual registrants, assessing the appropriateness of account selection practices (including brokerage versus advisory accounts, with a focus on wrap fee accounts), and examining the disclosure and mitigation of conflicts of interest.

(b) Broker-Dealers

The 2025 Priorities for broker-dealers heavily focus on practices related to Regulation Best Interest ("Reg BI") and Form CRS disclosures. As a result of the interrelationship between Reg BI and the Advisers Act fiduciary standard,²⁶ the 2025 Priorities for broker-dealers are largely analogous to the priorities for investment advisers. This is particularly apparent in issues relating

²⁵ Press Release, SEC, Extension of Form PF Amendments Compliance Date (Jan. 29, 2025), <https://www.sec.gov/newsroom/press-releases/2025-33>.

²⁶ For additional discussion on how guidance between 2019 and 2023 has resulted in such a close interrelationship between Reg BI and Advisers Act fiduciary standard, see A.Valerie Mirko et al., [How Should You Care? Overlapping Standards of Care](#) (Jan. 10, 2025).

to conflicts, compensation and the Care Obligation under Reg BI. Notably, the 2025 Priorities emphasize that to ensure compliance with Reg BI, broker-dealers should focus on:

- Whether the broker has a reasonable basis to believe a recommendation regarding products, investment strategies or account types is in the best interest of the customer;
- Conflict of interest disclosures made to investors and practices relating to conflict identification, mitigation and elimination;
- Processes for reviewing reasonably available alternatives; and
- Factors considered in light of the investor's investment profile, including investment goals and account characteristics.

(c) Investment Companies

The 2025 Priorities focus on registered investment companies ("RICs") risk areas similar to investment adviser risk areas. Key exam priorities for RICs include fund fees and expenses (including any waivers or reimbursements), service provider oversight, portfolio management, and issues related to market volatility. The 2025 Priorities for RICs emphasize consistency between claims made about investment strategies, filings, marketing materials and the actual practices of the investment company. Commercial real estate, being an illiquid asset, is also a priority, just as it is for investment advisers and private fund advisers.

(d) Information Security and Operational Resiliency

The information securities and operational resiliency section of the 2025 Priorities applies across market participants. Notable areas applicable to investment advisers are described below.

- Cybersecurity: Cybersecurity continues to be a key priority affecting a wide range of market participants, including investment advisers. The 2025 Priorities focus on registrants' policies and procedures to assess their management of information security, operational risks and governance practices, with a priority on data loss prevention, access controls and responses to cyber-related incidents, including ransomware attacks. Cybersecurity risks and resiliency objectives, particularly concerning third-party products and services and IT resources used without prior IT department approval are also points of emphasis.
- Regulation S-P: The 2025 Priorities highlight the importance of policies, procedures, internal controls, third-party vendor oversight, and governance practices to ensure the safeguarding of customer records and information at firms offering electronic investment services. This includes preventing identity theft, protecting against account intrusions, and training staff on identity theft prevention. During examinations, the Division will assess firms' progress in preparing incident response programs to detect, respond to, and recover from unauthorized access or use of customer information.

(e) Emerging Financial Technologies and Crypto Assets

The 2025 Priorities indicated a focus on monitoring firms that offer crypto asset-related services with an emphasis on offer, sale, recommendation, advice, trading and other activities. These priorities, however, are evolving pursuant to the current Commission's new priorities.²⁷ We expect similar evolution in the Exam Priorities with regard to emerging financial technology, though we do expect a continued exam focus on the use of automated investment tools, AI, trading algorithms and emerging technologies, as well as the associated risks. Another area of the 2025 Priorities that we expect to endure is the note that as part of broader disclosure reviews, Exams will look for accuracy and assess policies and procedures relating to the monitoring and supervision of AI use. This focus includes evaluating the fairness and accuracy of representations, ensuring operations and controls align with investor disclosures, confirming that algorithms provide advice consistent with investment strategies, and verifying that digital engagement practices comply with regulatory obligations, particularly for older investors.

(f) Anti-Money Laundering (AML) Considerations

On August 28, 2024, the Financial Crimes Enforcement Network ("FinCEN") issued a final rule which will require most investment advisers to establish AML programs.²⁸ The date for compliance with the requirements of this rule is January 1, 2026, and we expect to see the Division focus on these requirements in early 2026 examinations, just as they already do for broker-dealers and RICs. Based on past practice with new rules, Exams may also engage in preparedness examinations in late 2025, largely in anticipation of the January 1, 2026 compliance date. Therefore, the AML section of the 2025 Priorities could be helpful to investment advisers implementing AML programs in 2025.

5. Closing Thoughts & Risk Alerts

We expect the 2025 Priorities to remain evergreen and reasonably applicable even with the Presidential Transition, though note where priorities may shift somewhat, such as in connection with crypto. We also expect the Exams' longstanding practice of drafting and issuing Risk Alerts to continue. However, with regard to the existing library of Risk Alerts, there may be shifts in which alerts remain relevant. We list below six Risk Alerts that we expect will continue to be applicable and relevant for investment advisers in 2025 and into 2026:

- Division of Examinations Risk Alert, [Initial Observations Regarding Advisers Act Marketing Rule Compliance](#) (April 17, 2024).
- Division of Examinations Risk Alert, [Investment Advisers: Assessing Risks, Scoping Examinations, and Requesting Documents](#) (Sept. 6, 2023).

²⁷ See discussion *supra* Part 2(c).

²⁸ FinCEN, [Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers](#), 89 Fed. Reg. 72,156 (Sept. 4, 2024) (Adopting Release).

- Division of Examinations Risk Alert, [Division of Examinations Observations: Investment Advisers' Fee Calculations](#) (Nov. 10, 2021).
- Division of Examinations Risk Alert, [Observations From Examinations of Investment Advisers Managing Client Accounts That Participate in Wrap Fee Programs](#) (July 21, 2021).
- Division of Examinations Risk Alert, [OCIE Observations: Investment Adviser Compliance Programs](#) (Nov. 19, 2020).
- Division of Examinations Risk Alert, [Observations From Examinations of Investment Advisers Managing Private Funds](#) (June 30, 2020).