

March 2, 2026 | Insights

How Fund Managers Outside of California May Be Subject to California's FIPVCC Law

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In 2026, California's new [Fair Investment Practices Venture Capital Companies Act](#) ("FIPVCC") will require certain "Covered Entities," as defined under California law, to register contact information and file a report with the California Department of Financial Protection & Innovation ("DFPI").

As a Fund Manager, am I a "Covered Entity" under FIPVCC?

Under the FIPVCC, a "Covered Entity" is any entity that satisfies all three of the following criteria:

- 1) Qualifies as a "venture capital company" under [Section 260.204.9\(a\)\(4\) of the California Code of Regulations](#), meaning, satisfying any one or more of the following conditions:
 - on at least one occasion during each annual period, at least fifty percent (50%) of its assets, other than short-term investments, valued at cost, are venture capital investments or derivative investments;
 - the entity is a "venture capital fund" [as defined in the Investment Advisers Act of 1940](#) (the "Advisers Act"); or
 - the entity is a "venture capital operating company" as defined in the [Employee Retirement Income Security Act of 1974](#);
- 2) Primarily engages in the business of investing in, or providing financing to, startup, early-stage, or emerging growth companies, and
- 3) Has a nexus to California, which may be established in any one or more of the following ways:
 - the venture capital company maintains its headquarters in California;
 - the venture capital company has a significant presence or operational office in California;



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- the venture capital company invests in a company that is based in or primarily operates in California; or
- the venture capital company solicits or receives investments from a California resident or entity.

If all three above-described elements are satisfied, the entity will be deemed a “Covered Entity” under the FIPVCC. Failure to satisfy any of the three elements will relieve the entity of filing obligations under the statute.

California Nexus Considerations

The “California nexus” significantly broadens FIPVCC’s reach and may capture funds with no physical presence in California but with investment-related ties to the state.

For instance, a fund that solicits one subscription from a California-based investor, regardless of the success of that solicitation, may be deemed to have a California nexus and therefore be subject to FIPVCC registration.

As FIPVCC is a new regulation, additional guidance may emerge to clarify scope of the California nexus as it applies to solicitation of California investors. Fund advisers outside of California, and outside of the United States, may be subject to the rule and should consult an attorney to determine if registration is required.

I’m a “Covered Entity” under FIPVCC. What do I need to file and when?

Fund managers subject to this law should be mindful of two important deadlines:

- **March 1, 2026** – Covered entities must register with the DFPI.

Beginning on March 1, 2026, covered entities must register their basic contact information, including name, address, contact details, and a designated compliance contact, with the DFPI.

- **April 1, 2026** (and annually thereafter) – Annual [Venture Capital Demographic Data Report](#) is due to the DFPI.

On April 1, 2026, and every year after that, covered entities must collect anonymized, aggregated demographic data about the following:

- a. Founding team member demographics for each fund, in aggregated and anonymized form;
- b. Investment statistics and metrics, such as the total amount invested in these founding members;
- c. The total dollar amount invested in each company, and each company’s

- principal place of business;
- d. Written affirmations by participant founding team members that their participation was voluntary; and
- e. Compliance with certain record retention requirements.

Covered Entities are responsible for collecting this demographic information via the DFPI's survey, without incentivizing, encouraging, or pressuring founding team members to participate in the survey. Therefore, mandated participation is not permitted. The minimum filing fee is \$175 and may be adjusted by DFPI to meet reasonable costs of administering the program. Filed reports will be published on the DFPI's website.

Next Steps

Before March 1, 2026, investment advisers managing funds should assess whether they are a "Covered Entity" and whether the reporting obligation applies.

If you have specific questions about the FIPVCC, please contact [Scott Stokes](#), [Thomas Bilodeau](#), [Diana Alsabe](#) or [Yelitza Montesino](#) at Rich May, P.C.

Disclaimer: This summary is provided for educational and informational purposes only and is not legal advice. Any specific questions about these topics should be directed to attorney(s) [Scott Stokes](#), [Thomas Bilodeau](#), [Diana Alsabe](#) or [Yelitza Montesino](#).

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