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SEC 2026 Examination Priorities: What Investment Advisers Need to Know

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On November 17, 2025, the U.S. Securities and Exchange Commission's Division of Examinations (the "Division") released its **2026 Examination Priorities** (the "Examination Priorities"). Each year, the Division publishes its priorities to inform registrants and investors of the areas it intends to emphasize in the upcoming fiscal year. In setting these priorities, the Division considers market events, trends observed in prior examinations, and engagement with industry participants.

For 2026, the Division identified priorities applicable to investment advisers, as well as broader risks affecting broker-dealers, investment companies, and self-regulatory organizations. This article focuses exclusively on the Examination Priorities relevant to investment advisers, including:

1. SEC-registered investment advisers,
2. State-registered investment advisers, and
3. Exempt reporting advisers.

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Areas of Concern for Investment Advisers

FIDUCIARY STANDARDS OF CONDUCT

Applicability: All investment advisers.

The Division will continue assessing how investment advisers uphold their fiduciary duties of care and loyalty, particularly regarding retail investors. Examinations will focus on the adequacy and clarity of advisers' disclosures, including:

- How financial conflicts of interest may affect impartial advice;
- How investment advisers consider relevant factors in formulating investment advice (e.g., cost, investment objectives, liquidity, risk/benefit profile, volatility, expected performance across market conditions, time

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horizon, and exit costs); and
- Whether investment advisers seek best execution to maximize client value under prevailing circumstances.

The Division also identified strategies and products that present heightened fiduciary risk considerations, including:

- Alternative investment products (such as private credit, or private funds with long lock-ups);
- Complex investments (such as options-based or leveraged ETFs, or ETF wrappers using less liquid strategies); and
- High-cost investment products, particularly those with above-average commissions relative to comparable offerings.

Investor protection remains a core focus. The Division will evaluate whether advisers' recommendations align with clients' objectives, risk tolerance and personal background, with particular attention to:

- Recommendations made to older investors nearing retirement;
- Investment advisers to private funds who also advise separate managed individual accounts;
- Investment advisers to newly registered funds, including potential preferential allocation risks; and
- Investment advisers newly entering private-fund management, with emphasis on regulatory awareness and compliance readiness.

EFFICACY OF COMPLIANCE PROGRAMS

Applicability: All investment advisers.

The Division will review investment advisers' compliance programs to assess whether they are reasonably designed and effectively implemented to satisfy the Investment Advisers Act of 1940 (the "Advisers Act"). Areas of focus include marketing, valuation, trading, portfolio management, disclosures and filings, custody, and the annual compliance review.

Key questions the Division will consider include:

- Are the investment adviser's policies and procedures not only well-designed but also implemented and enforced?
- Do the investment adviser's disclosures adequately address fee-related conflicts, including conflicts arising from account and product compensation structures?

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PRIORITIZATION OF NEWLY-REGISTERED INVESTMENT ADVISERS

Applicability: All investment advisers.

The Division will continue prioritizing examinations of investment advisers that have never been examined, including newly registered investment advisers.

Broader Risk Trends for Investment Advisers to Consider

CYBERSECURITY, REGULATION S-ID AND REGULATION S-P

Applicability: SEC-registered investment advisers.

The SEC has shown a demonstrated focus on cybersecurity and data privacy. SEC-registered investment advisers are encouraged to maintain procedures and practices that reasonably manage information security and operational risks, and the Division will be prioritizing this in their examinations of investment advisers.

The Division notes that under Regulation S-ID, the Division will focus on firms' development and rollout of written identity theft prevention programs to detect, prevent and mitigate identity theft in connection with covered accounts.

Between December 2025 and June 2026, amendments to Regulation S-P will take effect, which the Division will also be monitoring for compliance with. In the time leading up to the effective dates, the Division will specifically prioritize assessing the progress of firms in preparing incident response programs that are reasonably designed to detect, respond to and recover from unauthorized access to, or use of, confidential customer information. Upon the effective dates of the amendments, the Division will be checking for compliance with the newly amended rule.

For additional detail, please see our blog post, *Amendments to Regulation S-P: What Investment Advisers Need to Know*.

EMERGING FINANCIAL TECHNOLOGY

Applicability: All investment advisers.

Advances in AI, automated investment tools, and trading algorithms have introduced new risks to both advisers and investors. The Division will examine investment advisers using these technologies, with emphasis on:

- Whether investment advisers' representations about their technologies are fair and accurate;
- Whether investment advisers' operations and controls align with their disclosures;
- Whether algorithmic outputs and automated recommendations are consistent with investors' profiles and stated strategies; and
- Whether investment advisers maintain controls ensuring that technology-driven advice complies with regulatory obligations, especially for retail

and older investors.

Investment advisers should carefully review the Division's 2026 Examination Priorities in light of their own practices, policies, and regulatory obligations. Clients with questions or concerns regarding the Division's 2026 Examination Priorities or regulatory compliance should consult a Rich May attorney.

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 Diana Alsabe.

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