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SEC 2027 Examination Priorities: What Investment Advisers Need to Know

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On October 23, 2026, the U.S. Securities and Exchange Commission's Division of Examinations (the "Division") released its **2027 Examination Priorities** (the "Examination Priorities"). The annual report identifies examination focus areas and heightened risks to investors. For this upcoming year, the Division is focused on its "mission to promote compliance, prevent fraud, identify and monitor risk, and inform Commission policy" as well as improving accessibility for registrants throughout the examination process.



Key examination priorities for 2027 include:

- Investment advisers' fiduciary obligations, conflicts of interest, investment recommendations, and compliance programs.
- Retail investor protection, particularly regarding complex, higher-risk, and illiquid products.
- Private funds, private credit, and other complex investment strategies.
- Broker-dealer financial responsibility, trading practices, supervision, and anti-money laundering compliance.
- Operational resiliency, cybersecurity, and protection of customer information.
- Emerging technologies, including super intelligence and other advanced technologies that may affect market operations, compliance, fraud prevention, and investor protection.
- Risks associated with evolving market infrastructure, including Treasury clearing reforms, tokenization, and related developments.
- Oversight of self-regulatory organizations and other critical market participants.

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This Division emphasizes that this is not an exhaustive list. This article focuses on Examination Priorities relevant to investment advisers.

Investment Adviser Priorities

Fiduciary Standards of Conduct

The Division will assess whether SEC-registered investment advisers uphold their fiduciary duties of loyalty and care, particularly with respect to retail and older investors. Examinations will review whether advisers are:

- Providing full and fair disclosures of all material facts relating to their advisory relationships
- Conducting reasonable due diligence on products and services recommended to clients
- Adopting effective compliance policies and procedures
- Assessing an adviser's potential financial conflict of interest

The Division will prioritize the fiduciary obligations of advisers who are recommending products that are "difficult to trade," have "unusual features", or are illiquid. Examples include loans from private funds or business development companies, investments in private companies through special purpose vehicles, and exchange-traded funds based on "less liquid assets."

The Division will also focus on advisers using certain third-party service providers, including providers that access client accounts where controls may inadequately protect client assets and data.

Efficacy of Compliance Programs

The Division will assess whether investment advisers are:

- Addressing areas such as marketing, valuation, trading, portfolio management, disclosure and filings, and custody in their compliance programs
- Properly conducting annual compliance reviews
- Assessing whether an adviser's policies and procedures are equipped to address conflicts of interest
- Analyzing whether compliance practices remain adaptable through changes such as different types of clients, different geographical locations, and different business models

Prioritization of Never-Examined and Recently Registered Advisers

The Division will continue prioritizing examinations of investment advisers that have never

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been examined, including newly registered investment advisers.

Risk Areas Impacting Investment Advisers

Cybersecurity

The SEC continues to focus on cybersecurity, operational resiliency, and data privacy. The Division will assess whether advisers' policies and procedures address data loss prevention, access controls, account management, and protection against cyberattacks.

Emerging Financial Technology

The use of super intelligence or "SI" for business operations is a heightened risk area, as SI has been used "to automate and accelerate cyberattacks, making those attacks more efficient and harder to detect." The Division will analyze a firm's policies and procedures during examinations that relate to monitoring SI, phishing messages, and fraud prevention and detection.

Regulation S-ID and Regulation S-P

Examinations will also prioritize whether firms have adopted policies and procedures that align with Regulation S-ID and Regulation S-P. Regulation S-P requires advisers to maintain response program policies and procedures when there is "unauthorized access to or use of customer information."

Regulation S-ID is a safeguard against identity theft, with the Division focusing on a "firms' identification and detection of and response to red flags intended to prevent and mitigate against identity theft," for example, in fraudulent transfers. Investment advisers should update their Identity Theft Prevention Programs to consider evolving risk areas as artificial intelligence continues to advance.

Investment advisers should carefully review the Division's 2027 Examination Priorities in light of their own practices, policies, and regulatory obligations. Clients with questions or concerns regarding the Division's 2027 Examination Priorities or regulatory compliance should consult a Rich May attorney.

If you have specific questions about the new SEC Enforcement Manual, please contact Thomas Bilodeau, Scott Stokes, 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) Thomas Bilodeau, Scott Stokes, Diana Alsabe, and/or Yelitza Montesino.

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