

# SEC 2025 Exam Priorities for Investment Advisers



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The US Securities and Exchange Commission (“SEC”) Division of Examinations (the “Division”) published its annual examination priorities (“Priorities”) for the 2025 fiscal year.

The Priorities outline the areas the Division will focus on during the 2025 examination year for investment advisers, largely reflecting many of the same focus areas included in prior years’ examination priorities.

Consistent with the 2024 priorities, the Division will remain focused on the following areas for investment advisers:

## Adherence to Fiduciary Standards of Conduct

Investment advisers owe a fiduciary duty of care and a duty of loyalty to their clients. The adherence of advisers to their fiduciary duties to clients remains an examination priority and the Division will focus on:

1. advice given to clients on products, investment strategies and account types to assess whether it meets fiduciary obligations. This focus will include recommendations involving:
  - (a) high-cost products
  - (b) unconventional instruments
  - (c) illiquid or hard-to-value assets
  - (d) assets sensitive to rising interest rates or shifting market conditions, such as commercial real estate.
2. dual registrants and advisers with affiliated broker-dealers
3. financial conflicts of interest.

## Effectiveness of Advisers’ Compliance Program

In reviewing the effectiveness of advisers’ compliance program, the Division will evaluate advisers’ policies and procedures for marketing, valuation, trading, portfolio management, disclosure and filings and custody.

**The Division will focus primarily on:**

1. fiduciary obligations of advisers that outsource investment selection and management
2. alternative sources of revenue or benefits advisers receive such as selling non-securities-based products to clients
3. appropriateness and accuracy of fee calculations and disclosure of fee-related conflicts.

**The Division will also focus on:**

1. the valuation of illiquid or difficult-to-value assets
2. disclosure to investors regarding the use of artificial intelligence in advisory operations
3. overseeing advisers that use independent contractors working from geographically dispersed offices
4. compliance practices of advisers newly adopted or changed business models.

## Examinations of Advisers to Private Funds

Private funds advisers represent a significant portion of investment advisers registered with the SEC and therefore remain a high priority for the Division. In reviewing private funds, the Division will focus on:

1. whether disclosures are consistent with actual practices, if an adviser met its fiduciary obligations in times of market volatility, and whether a private fund is exposed to interest rate fluctuations
2. the accuracy of calculations and allocations of private fund fees and expenses at the fund-level and investment-level
3. disclosure of conflicts of interests and risks and adequacy of policies and procedures
4. whether advisers have established adequate policies and procedures in compliance with recently adopted SEC rules and whether their actual practices conform to them.

## Never Examined Advisers, Recently Registered Advisers and Advisers Not Recently Examined

The Division will continue to prioritize examinations of advisers that have never been examined and advisers who have not been recently examined with a focus on newly registered advisers.

## How can Waystone help?

Waystone's Compliance Solutions dedicated team of compliance specialists has extensive experience in navigating the complexities of an SEC exam. If you require more information on this topic or are interested in our [SEC Mock Audit services](#), please reach out to your usual Waystone representative or contact us below.

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