

SEC Operations Paused Amid Government Shutdown: A Strategic Moment for Compliance Readiness



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As the federal government shutdown continues, the US Securities and Exchange Commission (SEC) has suspended most of its routine operations.

While certain critical functions such as enforcement actions deemed necessary to protect investors and market integrity may continue in a limited capacity, the SEC has paused many of its day-to-day activities, including examinations of registered investment advisers and private fund managers.

What This Means for Advisers and Private Funds

The temporary pause provides a brief reprieve from the usual pace of SEC oversight. However, firms should not mistake this lull as a safe harbor as the SEC is expected to immediately resume examinations and enforcement initiatives once funding is restored.

The agency has historically used periods such as this to refocus priorities and increase scrutiny in areas such as marketing practices, custody, conflicts of interest, and new rule compliance.

Why Now Is the Right Time for a Mock SEC Audit

This period of reduced regulatory activity presents a valuable opportunity for investment advisers and fund managers to get ahead of potential examination risks.

- **Proactive Readiness:** Firms can identify and remediate gaps before the SEC examination program resumes.
- **Stress Testing Compliance:** A third-party [mock audit](#) mirrors SEC examination protocols, including document requests, interviews, and testing.
- **Rule Change Alignment:** With significant recent rulemakings (i.e. Marketing Rule, Form PF amendments, Rule 13f-2), mock exams help ensure firms are fully aligned.
- **Investor Confidence:** Demonstrating proactive compliance oversight supports client trust and can mitigate reputational risk.

How Waystone Can Help

We encourage firms to use this downtime strategically. Engaging an experienced compliance consultant for a mock SEC exam allows management to evaluate the effectiveness of current policies, test controls, and prepare staff for the SEC's eventual return.

Our team conducts comprehensive mock audits tailored to your business model, with actionable findings and practical recommendations. This approach ensures your firm is not only exam-ready but positioned to address SEC expectations efficiently when operations along with examinations resume.

If you have any questions about any of themes raised in this article or want to learn more about Waystone's SEC Mock Audit Services, please reach out to your usual Waystone representative or contact our [US Solutions Team](#) via the link below.

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