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SEC Releases 2027 Examination Priorities

 Angela Leyesa  Julie Majka

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On October 23, 2026, the U.S. Securities and Exchange Commission's Division of Examinations issued its Fiscal Year 2027 Examination Priorities, identifying the areas the Division expects to emphasize in its risk-based examinations during the coming fiscal year.

The Fiscal Year 2027 Examination Priorities continue many of the themes highlighted in the prior year, particularly for investment advisers, while making several notable changes to the organization and emphasis of certain examination areas. For investment advisers, investment companies and broker-dealers, among the more significant changes, Anti-Money Laundering ("AML") and Supervision are now separately identified as Broker-Dealer priorities, and Emerging Financial Technology has been repositioned within Information Security and Operational Resiliency.

Importantly, the Division states that these priorities are not the only areas it will address in examinations, that it will devote resources to other areas, and that its priorities may shift in response to new or emerging risks, products and services, market events, or investor concerns.

This article focuses on the 2027 priorities most relevant to investment advisers, investment companies and broker-dealers, along with key risk areas impacting various market participants.

Investment Advisers

- Fiduciary Standards of Conduct - Status: Continuing Priority
  Fiduciary Standards of Conduct remain a specific Investment Adviser examination priority for 2027. The continued inclusion of fiduciary standards in 2027 reinforces the importance of ensuring that advisers' conflicts, disclosures and investment practices remain consistent with their fiduciary obligations.
- Compliance Programs - Status: Continuing Priority
  Compliance Programs remain a separate Investment Adviser priority for 2027. For advisers, the continued focus reinforces the importance of having a compliance program that reflects actual business practices and risks rather than relying solely on written policies.
- Never-Examined and Recently Registered Advisers - Status: Continuing Priority
  Never-Examined and Recently Registered Advisers remain expressly identified in 2027. These firms should pay particular attention to examination readiness and the consistency of their disclosures, policies, books and records, and actual practices.

Takeaways for Investment Advisers

- Align disclosures and practice. Confirm that Form ADV, governing documents, marketing materials and client communications accurately reflect fees, expenses, conflicts, investment processes and actual operations.

- Test fiduciary-risk areas. Prioritize conflicts, allocations, valuation, best execution, complex or illiquid investments, side-by-side management, affiliated providers and preferential treatment.
- Evidence the annual review. Retain a risk assessment, testing methodology, exceptions, remediation owners, deadlines and validation showing that corrective action was completed.
- Confirm compliance resources. Assess whether the CCO has sufficient authority, information access, staffing and technology support for the firm's size, strategy and risk profile.
- Prepare for data-driven exams. Reconcile filings, fees, trades, allocations, valuations, communications and exception reports before information is produced to the SEC.
- Maintain exam readiness. Establish a response protocol, identify document owners and periodically test the firm through a targeted mock examination.

Investment Companies

Investment Companies remain a separate examination priority in 2027, reflecting the Division's continued attention to registered funds. This focus reinforces the importance of maintaining consistency among a fund's compliance program, disclosures, filings, governance and investment practices.

Broker-Dealers

The Broker-Dealer priorities contain some of the more noticeable structural changes between 2026 and 2027. The three principal categories appearing in 2026 remain, while AML and Supervision are separately identified in 2027.

- Financial Responsibility Rules – Status: Continuing Priority
  Financial Responsibility Rules remain a Broker-Dealer priority for 2027.
- Trading-Related Practices and Services – Status: Continuing Priority
  Trading-Related Practices and Services continue as a separate Broker-Dealer priority for 2027.
- Retail Sales Practice, Including Regulation Best Interest – Status: Continuing Priority
  Retail Sales Practice, including compliance with Regulation Best Interest, remains expressly identified for 2027.
- Anti-Money Laundering – Status: New Standalone Broker-Dealer Priority for 2027
  AML is separately identified as a Broker-Dealer examination priority for 2027. In 2026, AML appeared under "Risk Areas Impacting Various Market Participants," making its placement as a standalone Broker-Dealer priority a notable change this year.

  Although AML is not separately identified as an Investment Adviser priority for 2027, RIAs and ERAs should continue monitoring FinCEN's Investment Adviser AML Rule. As adopted, the rule applies to certain SEC-registered investment advisers and exempt reporting advisers and requires covered advisers to establish risk-based AML/CFT programs, file Suspicious Activity Reports and satisfy other applicable BSA requirements. On December 31, 2025, FinCEN extended the rule's effective date from January 1, 2026 to January 1, 2028. Affected RIAs and ERAs should therefore continue monitoring developments ahead of the currently scheduled effective date.
- Supervision – Status: New Standalone Broker-Dealer Priority for 2027
  Supervision is separately identified within the Broker-Dealer priorities for 2027. It did not appear as a standalone Broker-Dealer category in 2026, although the 2026 priorities addressed supervisory matters within certain areas, including supervision of sales practices at branch office locations.

  Accordingly, Supervision is best characterized as new as a standalone 2027 priority, rather than a new regulatory obligation.

Risk Areas Impacting Various Market Participants

- Information Security and Operational Resiliency – Status: Continuing Priority

  The 2027 priorities also identify Information Security and Operational Resiliency as a cross-market area relevant to various market participants. The following topics are particularly relevant to the firms covered in this article.

  - Cybersecurity - Status: Continuing Priority

    Cybersecurity remains expressly identified within Information Security and Operational Resiliency.

  - Emerging Financial Technology - Status: Continuing Priority, but Repositioned for 2027

    Emerging Financial Technology remains an expressly identified examination priority but has been repositioned within Information Security and Operational Resiliency for 2027. In 2026, it appeared as a separate cross-market section.

    The 2027 leadership discussion also addresses registrants' increasing incorporation of advanced technology in areas such as research, drafting, coding, client communications, advisory and portfolio-management functions, and compliance monitoring and surveillance. The Division states that it is increasing efforts to understand how these technologies influence outcomes and whether firms continue to comply with existing technology-neutral obligations.

    The SEC's continued attention to technology makes this an important area for firms incorporating advanced technological tools into regulated activities.

  - Regulation S-ID and Regulation S-P - Status: Continuing Priority

    Regulation S-ID and Regulation S-P remain expressly identified within the 2027 Information Security and Operational Resiliency priorities.

SEC Use of Super Intelligence in Examinations

The Division states that it intends to integrate super intelligence responsibly into examinations and risk assessment to augment staff capacity, enhance oversight and support mission-critical work. Potential uses include strengthening analysis, improving workflow efficiency, and identifying patterns and risks across complex datasets. The Division also states that these tools are intended to supplement, not replace, examiner judgment.

Implications for investment managers. Managers should expect examinations to become more data-driven and capable of comparing larger volumes of information across regulatory filings, books and records, fee and expense calculations, trade and allocation data, valuation materials, communications, exception reports and prior representations. Inconsistencies that previously may have required manual review could be identified more quickly and across a broader population of records.

Practical preparation steps include:

- Reconcile key datasets and confirm that the same facts are presented consistently across Form ADV, governing documents, marketing materials, investor reporting and internal records.
- Identify authoritative data sources and document material data transformations, calculation logic and ownership.
- Test fee, expense, allocation, valuation and performance data for outliers and unexplained exceptions before an examination.
- Preserve records and metadata in a complete, searchable and producible format, with controls over collection, review and production.
- Maintain governance over the manager's own use of advanced technology, including an inventory of material use cases, approved and prohibited uses, vendor diligence, confidentiality and recordkeeping controls, output validation, and meaningful human review.
- Prepare personnel to explain not only the firm's policies, but also how controls operate in practice and how exceptions are escalated, resolved and documented.

The SEC's stated use of super intelligence does not itself create a new substantive obligation or change the legal standards applicable to registrants. The practical effect is that managers should be prepared for faster and more scalable analysis under existing technology-neutral requirements.

What Changed from 2026?

Overall, the 2027 priorities demonstrate substantial continuity rather than a wholesale change in examination focus.

The principal structural changes include:

- Anti-Money Laundering: separately identified as a Broker-Dealer priority for 2027, whereas AML appeared as a cross-market priority in 2026.
- Supervision: separately identified as a Broker-Dealer priority for 2027. It was addressed within particular areas in 2026 but did not have its own Broker-Dealer subsection.
- Emerging Financial Technology: remains an examination priority but has been repositioned within Information Security and Operational Resiliency rather than appearing as a separate cross-market section.

For investment advisers, the three principal categories remain Fiduciary Standards of Conduct, Compliance Programs, and Never-Examined and Recently Registered Advisers.

Investment Companies also remain separately identified as a 2027 examination priority.

Key Takeaways

The 2027 priorities reinforce the importance of ensuring that a firm's written compliance program, regulatory disclosures and actual practices are aligned. Investment advisers should continue focusing on fiduciary obligations, conflicts and the effectiveness of their compliance programs, while newly registered and never-examined advisers remain specifically identified for examination attention.

Investment companies should continue focusing on consistency among their compliance programs, disclosures, filings, governance and actual fund operations. The continued inclusion of Investment Companies as a separate priority confirms that fund compliance and examination readiness remain important areas of attention.

Broker-dealers should take particular note of the separate identification of AML and Supervision, while Financial Responsibility Rules, Trading-Related Practices and Services, and Retail Sales Practice, including Regulation Best Interest, continue as identified priority areas.

Across registrant types, Information Security and Operational Resiliency remain important, with Cybersecurity, Emerging Financial Technology, and Regulations S-ID and S-P specifically identified for 2027.

Areas Not Highlighted Should Not Be Ignored

Finally, firms should not conclude that a subject emphasized in an earlier examination cycle but not separately highlighted in 2027 is no longer relevant. The Division expressly states that the published priorities are not the only areas it will address in examinations and that it will devote resources to other areas. It also notes that priorities may shift in response to new or emerging risks, products and services, market events or investor concerns.

Accordingly, the absence or relocation of an item from the annual priorities does not eliminate an underlying regulatory obligation or mean that it cannot be reviewed during an SEC examination. Firms should continue maintaining and testing compliance with all requirements applicable to their businesses, including areas emphasized in previous examination priorities even when those subjects are not separately highlighted for 2027. Similarly, this article's focus on investment advisers, investment companies and broker-dealers should not be interpreted as a complete description of every priority identified in the SEC's 2027 release.

How Waystone Can Help

Waystone can assist investment advisers in preparing for the SEC's 2027 examination focus through a range of ongoing and examination-specific services, including:

- Retainer support: ongoing access to compliance professionals for day-to-day regulatory questions, policy and disclosure updates, compliance testing, issue escalation, and implementation support as the firm's business and risks evolve.
- Robust annual reviews: risk-based annual reviews designed around the adviser's actual business, including documented risk assessment, targeted testing, findings and recommendations, remediation tracking, and follow-up validation where appropriate.
- Mock examinations: tailored readiness reviews that test the consistency of disclosures, policies, books and records, control evidence and actual practice against applicable examination priorities and the adviser's risk profile.
- SEC examination support: assistance with request-list management, response protocols, document collection and review, production tracking, interview preparation, deficiency-response support, and remediation planning throughout the examination process.

These services can be delivered individually or as part of an integrated compliance-support model, allowing firms to identify gaps earlier, maintain evidence of an effective compliance program, and respond to SEC staff in an organized and defensible manner.

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