

Private Equity Regulatory Update – August 2021

August 30, 2021 | Client Update | 2-minute read

Below is our latest report on regulatory developments relating to private equity and investment management. In this issue, we discuss, among other things, recent SEC enforcement actions involving funds and investment advisers, and relevant industry and SEC updates.

Litigation

SEC Form CRS sweep

Law firm response to Investment Company Act lawsuits targeting the SPAC industry

Litigation

SEC Form CRS sweep

The SEC brought cases against 21 investment advisers and six broker-dealers for failing to timely file and deliver client or customer relationship summaries (Form CRS) to retail investors. In June of 2019, the SEC adopted Form CRS and required SEC-registered investment advisers and broker-dealers to deliver them to existing retail investors or clients by the end of July of 2020 and post their current Form CRS on their website. The SEC's orders noted that none of the firms filed or delivered their Form CRS until being twice reminded of the missed deadlines by regulators. All 27 of the investment advisers and broker-dealers settled their cases and agreed to pay civil penalties ranging from \$10,000 to \$97,523.

– [See SEC press release](#)

Law firm response to Investment Company Act lawsuits targeting the SPAC industry

Recently a purported shareholder of certain SPACs initiated derivative lawsuits asserting that the SPACs are investment companies under the Investment Company Act of 1940. The 49 law firms listed in a [joint statement](#) published on August 27, 2021, including Davis Polk, view the assertion that SPACs are investment companies as without factual or legal basis. A copy of the full text of the joint statement is available at the link below.

– [See a copy of the joint statement](#)