

## SEC 2025 Examination Priorities for Registered Investment Advisers

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October 29, 2024

On October 21, 2024, the Securities and Exchange Commission's Division of Examinations released its 2025 examination priorities. The examination priorities are published annually by the Division to inform investors and registered investment advisers (RIAs), among others, about potential capital market risks and the Division's examination focus areas for the upcoming year.

For RIAs, this year's examination priorities include four broad categories, including RIAs adherence to fiduciary standards and the effectiveness of compliance programs; and more specific subcategories, such as the suitability of certain products, including difficult-to-value assets, and the appropriateness and accuracy of fee calculations and conflict of interest disclosures. In 2025, RIAs can expect examinations to focus on the following issues:

### 1. **Fiduciary Duty**

1. Obligations under the duty of care and duty of loyalty, specifically regarding recommendations related to: 1) high-cost products; 2) unconventional instruments; 3) illiquid and difficult-to-value assets; and 4) assets sensitive to higher interest rates or changing market conditions.
2. Dually registered advisers and advisers with affiliated brokers, including: 1) whether advice is suitable for clients' advisory accounts; 2) appropriateness of account selection practices; and 3) adequacy of conflicts of interest mitigation and disclosure.
3. Advisers' financial conflicts and their impact on providing impartial advice and best execution, specifically with regard to non-standard fee arrangements.

### 2. **Compliance Programs**

1. Evaluation of the core areas of an RIA's compliance program, which includes marketing, valuation, trading, portfolio management, disclosure and filings, and custody.
2. Adviser's annual reviews of the effectiveness of their compliance program, particularly with regard to addressing and monitoring conflicts of interest.
3. Additional focus areas may be determined based on an adviser's practices or products, e.g., for RIAs that outsources many services an examination may focus on supervision and oversight practices.

### 3. **Advisers to Private Funds**

1. Whether disclosures are consistent with actual practices; if an adviser met its fiduciary obligations in times of market volatility.
2. The accuracy of calculations and allocations of private fund fees and expenses.
3. The disclosure of conflicts of interests and risks; and the adequacy of policies and procedures.

### 4. **Never Examined Advisers, Recently Registered Advisers, and Advisers Not Recently Examined**

1. As in previous years, examinations will focus on advisers that have never or have not recently been examined, with a continued focus on newly registered advisers.

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The Commission's full report can be accessed here: [SEC.gov](https://www.sec.gov) | SEC Division of Examinations Announces 2025 Priorities. We encourage you to consult with the authors of this e-alert or your Miller Canfield attorney if you have questions about the 2025 Examination Priorities.