

Bond Case Briefs

Municipal Finance Law Since 1971

2024 SEC Division of Examinations Priorities Summary: Venable

The SEC's Division of Examinations got a head start this fiscal year, announcing its 2024 Examination Priorities (2024 Priorities) at the beginning of the fiscal year for the first time. This novel approach likely signifies the Division's intent to be very active over the next 12 months and a desire to give registrants and other market participants more time to shore up areas of concern.

Not surprisingly, the 2024 Priorities emphasize that conflicts of interest will remain a priority for the Division's examiners. For investment advisers, that means examiners will scrutinize not only how advisers identify and disclose conflicts to clients, but also their processes for mitigating or eliminating those conflicts where appropriate. Key areas of focus will include:

- The adviser's processes and practices for allocating investments to accounts where clients have multiple accounts (e.g., allocating between accounts that are adviser fee-based, brokerage commission-based, and wrap fee, and between taxable and non-taxable accounts)
- Investment advice regarding complex products (derivatives and leveraged ETFs), high-cost and illiquid products (such as variable annuities and non-traded REITs), and unconventional strategies (including ones purporting to address rising interest rates)
- The economic incentives an adviser and its professionals may have to recommend certain products, services, or accounts over others; and
- The adviser's disclosures of all material facts relating to conflicts of interest.

[Continue reading.](#)

Venable LLP - Adrienne Dawn Gurley, Daniel J. Hayes, George Kostolampros, Eric R. Smith and Xochitl S. Strohbehn

October 24 2023