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SEC Division of Examinations Announces 2025 Exam Priorities: Mayer Brown

Priorities Include Artificial Intelligence and Other Emerging Technologies, Complex Products, Reg BI, Cybersecurity, Outsourcing, Private Funds and Compliance with New and Amended SEC Rules

On October 21, 2024, the Division of Examinations ("EXAMS" or the "Division") of the U.S. Securities and Exchange Commission ("SEC") released its examination priorities (the "2025 Priorities") for fiscal year 2025 (which started October 1, 2024).1 Over the course of 2025, the Division intends for its examinations to focus on the use of artificial intelligence ("AI") and other emerging technologies (including digital engagement practices ("DEPs")), complex products, cybersecurity, outsourcing, private fund advisers, and compliance with new and amended SEC rules, such as the recent amendments to Regulation S-P and SEC rule changes relating to the securities industry's transition to a T+1 standard settlement cycle for most securities transactions.

In this Legal Update, we provide a brief overview of the 2025 Priorities, with a focus on topics relevant to broker-dealers and investment advisers.

> **Ed. Note:** "Please see Additional areas for examination include broker-dealers' trading practices associated with trading in pre-IPO companies, sales of private company shares in secondary markets, and execution of retail orders. Regarding retail order execution, the Division's reviews will include: (1) whether retail orders are marked as "held" or "not held," and the consistency of such markings with retail instructions, and (2) *the pricing and valuation of illiquid or retail-focused instruments such as variable rate demand obligations, other municipal securitie*s, and non-traded real estate investment trusts (REITs). Finally, in relation to Regulation SHO, the Division will review whether broker-dealers are appropriately relying on the bona fide market making exception, including whether quoting activity is away from the inside bid/offer."

Continue reading.

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