

**PUBLICATIONS**

## Private Funds Regulatory Update

**November 2020**

### SEC Touts Twin Goals Served by Form CRS and Reg BI, Advises Investment Advisers to Keep Form CRS Simple

During a roundtable hosted by the SEC on Oct. 26, 2020, Chairman Jay Clayton discussed how Form CRS and Regulation Best Interest together seek to enhance the transparency and quality of relationships between investment advisers, broker-dealers and retail investors and shared the staff's observations in the four months since the compliance date for each.

[› Read more](#)

### CCPA Amendment Extends Exemptions for B2B and HR Data

A recent amendment extends the California Consumer Privacy Act partial exemptions for business-to-business-related and certain human resources information from Jan. 1, 2021, to Jan. 1, 2022. The outcome of a ballot initiative on election day could extend the exemptions one additional year, i.e., until Jan. 1, 2023.

[› Read more](#)

### Facebook Takes Aim at NYU Web Scrapers

On Oct. 16, 2020, Facebook sent a cease-and-desist letter to researchers behind the NYU Ad Observatory project, who are web scraping Facebook to collect data on how Facebook targets political ads to Facebook users.

› Read more

## **SRZ Partner Addresses FBI Bulletin on Money Laundering by Private Funds**

A leaked FBI intelligence bulletin warns that criminals and foreign adversaries may be using hedge funds and private equity funds to launder money, but reported instances of money laundering through private funds are rare. In an article published by *Morning Consult* and reprinted here, SRZ partner Gary Stein discusses the reasons why the FBI's concerns may be overstated and the efforts by the private fund industry to prevent money laundering.

› Read more

## **Private Fund Regulators Double Down on Whistleblower Programs**

In a series of recent actions, the SEC and the Commodity Futures Trading Commission reaffirmed their commitment to their respective whistleblower programs, including awarding a record-breaking \$114-million SEC whistleblower payout.

› Read more

## **FCA Update on Short Selling Reporting Post-Brexit**

On Oct. 28, 2020, the UK Financial Conduct Authority published a new webpage on net short position reporting and preparing for Brexit. This webpage explains the short sale reporting requirements in the UK following the “onshoring” of the EU Short Selling Regulation at the end of the Brexit transition period on Dec. 31, 2020, at 11:00 PM (GMT).

› Read more

## **Fund Manager to Disgorge \$1 Million for Charging Management Fees Inconsistent with Fund Documents**

On Oct. 22, 2020, the SEC settled fraud charges with a private equity fund adviser in an enforcement case that demonstrates the SEC's continued focus on management fees and expenses.

[› Read more](#)

## **Treasury Makes It More Difficult for Ransomware Victims to Pay Ransoms**

On Oct. 1, 2020, the U.S. Department of the Treasury's Office of Foreign Assets Control and the U.S. Department of the Treasury's Financial Crimes Enforcement Network each issued advisories on ransomware that, when taken together, make it more difficult for victims to lawfully pay ransoms to regain access to hijacked systems and recover stolen data.

[› Read more](#)

## **Executive Order May Aid Targets of Government Investigations**

A recent Executive Order and implementing guidance from the Office of Management and Budget directs federal executive departments and agencies to be more lenient, expedient and transparent in investigations and enforcement actions.

[› Read more](#)

## **DC Circuit Affirms Disciplinary Action Against Compliance Chief**

On Oct. 23, 2020, the United States Court of Appeals for the District of Columbia upheld two disciplinary orders by the SEC, finding there was "substantial evidence" that the former chief compliance officer of a broker-dealer had missed clear "red flags" and had failed to ensure review of electronic correspondence.

[› Read more](#)

## **Reg SHO Action Is a Reminder for Fund Managers on Locates for “Hard to Borrow” Securities**

A recent Financial Industry Regulatory Authority enforcement action highlights a specific locate issue in the context of Regulation SHO that has implications for certain fund managers.

› [Read more](#)

## **CFTC Aims to Reward Cooperation**

On Oct. 29, 2020, the CFTC announced new guidance for enforcement staff when recommending the recognition of a respondent's cooperation, self-reporting or remediation in CFTC orders (without changing the existing policy for how cooperation credit is determined).

› [Read more](#)

---

## Related People



**Marc  
Elovitz**

Partner  
New York



**Anna  
Maleva-Otto**

Partner  
London



**Craig  
Warkol**

Partner  
New York



**Kelly  
Koscuiszka**

Partner  
New York

---

## Practices

**INVESTMENT MANAGEMENT**

**REGULATORY AND COMPLIANCE**

---

## Attachments

 [Read Full Update](#)