

Investment Management Regulatory & Compliance

Calendar and Guidebook 2022

As the new year begins, it is important for investment managers, private funds, commodity pool operators and other investment management professionals to review the array of regulatory requirements they are obligated to fulfill. We hope that this Regulatory and Compliance Calendar and accompanying materials will be a useful tool for managing compliance requirements throughout the year.

In assessing your 2022 compliance strategy, it is important to keep in mind not only individual requirements and best practices, but also the larger themes defining the regulatory and enforcement environment. These themes should be reviewed by advisers in light of operational and compliance challenges they have faced, including the continuing COVID-19 pandemic, and how they have modified their compliance programs to adapt to these changes.

In our view, last year's SEC enforcement actions and risk alerts continue to send three clear messages:

- Transparency is a priority. The SEC is quick to take action in cases where there is a lack of required disclosure or a conflict of interest, and in cases where an investment manager made a material misrepresentation. Firms should endeavor to be scrupulously transparent in their arrangements and transactions.
- Policies and procedures are just the start. Firms need to have a solid infrastructure that translates policies and procedures into actions and behaviors. This includes controls, internal audit functions and appropriate and timely escalation protocols. Moreover, firms must act on and follow policies and procedures in a way that reasonably ensures compliance with such policies and procedures, and applicable law.
- Compliance needs to be approached holistically. Compliance procedures cannot be applied in a check-the-box fashion. Firms must implement a risk-based approach driven by thorough due diligence of clients,

employees and vendors.

Firms and managers that follow a rigorous application of requirements while keeping an eye on big-picture trends will be well-positioned to avoid both the tangible and intangible costs that come with compliance shortfalls.

