REGULATORY UPDATE:

Keith Cassidy's Keynote Address at the ICI Compliance, Risk, and Legal Conference

By Randy Randall, Senior Partner
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INTRODUCTION:

Keith Cassidy, Director of the SEC Division of Examinations, delivered the keynote address at the ICI Compliance, Risk, and Legal Conference in Nashville, Tennessee on September 16, 2026. His remarks provide valuable insight into the current initiatives of the Division of Examinations and offer practical guidance to firms facing SEC examinations.

KEY TAKEAWAYS:

- The Division of Examinations has taken steps to improve the examination process through both enhanced external communications and enhanced internal processes designed to enhance consistency among SEC Divisions.
- The Division of Examinations is expected to publish a new Examination Process Handbook designed to align expectations and create predictability in the examination process.
- Setting a positive tone from the outset of an examination, being prepared, and engaging constructively with the examination team can lead to a more positive and constructive examination experience.

THE DETAILS:

Mr. Cassidy's remarks focused on the SEC's efforts to improve the examination process and advisers' and funds' role in helping them do so. According to Mr. Cassidy, the goal is to ensure that the Division of Examinations is operating in a way that is both accessible and integrated.

Treat Others as You Would Like to be Treated

Mr. Cassidy stated that advisers facing examinations should be entitled to clearly articulated expectations. Examples include:

- Understanding how to engage with the exam team in the most productive way possible.
- Communication from the SEC about the risks they have identified through their work and the trends they see that may be common but problematic.
- Advisers should be treated in a similar fashion regardless of geographic location.
- Advisers should have the opportunity to clarify misunderstandings or provide additional information during the examination process.
- Advisers should receive consistent answers regardless of whether they consult someone in the Division of Examinations or another SEC Division.

The SEC seeks to meet these responsibilities through:

- Publication of annual examination priorities.
- Regional and national compliance outreach programs.
- Publication of Risk Alerts.
- Enhanced engagement with industry groups and engagement with advisers and funds at exit conferences about potential deficiencies and other exam findings.
- Enhanced SEC internal communications designed to give registrants consistent guidance across SEC offices and divisions, including:
  - Actively sharing relevant insights with key policy groups through regular knowledge exchange sessions.
  - The SEC also launched a rotation program where Division of Examinations staff are temporarily detailed to policy groups, and policy group members can rotate to the Division of Examinations.
  - Additional efforts include:
    - Implementation of policies and systems designed to promote consistency.
    - Consultation with policy divisions regarding novel or unique issues.
    - The Division of Examinations has introduced measures to improve feedback mechanisms, seeking to minimize discrepancies that may arise due to geographic location or supervisor group.

Examination Process Handbook

Mr. Cassidy also announced that the Division of Examinations will publish an expanded replacement to the current Division of Examinations brochure. According to Mr. Cassidy, the new brochure will be more clear, practical, and built around the questions the SEC hears most often from registrants. The new brochure is designed to align expectations and create predictability, and will list resources for registrants to consult before and during their exams. It is designed to offer a concise and understandable overview of what to expect during an examination, as well as guidance on steps to take if any issues arise.

SEC Expectations of Registrants

Advisers also have a role to play. Mr. Cassidy stated that the following will help produce a more effective examination process:

- ***Set the Right Tone -*** When you receive a call from an SEC examiner, be responsive, be prepared, and be professional. The call does not need to be adversarial. According to Mr. Cassidy, examiners appreciate responsiveness, honesty, and professionalism. Courtesy, transparency, and communication can go a long way towards setting the right tone and building a productive working relationship that can last throughout the examination.
- ***Be Prepared -*** Come to initial meetings prepared. Be ready to provide a clear overview of the firm's organization, business lines, risk areas, and compliance program. Having the right people in the room and being able to explain how the firm's business operates in practice helps set the foundation for an efficient and productive examination.
- ***Engage with the Team -*** Another important way firms can help facilitate a smooth examination is by engaging with the examination team throughout the process. That same principle applies when challenges arise during the examination. Registrants should not be afraid to ask the examination team questions or for clarification.

Examinations are a Two-Way Street

Mr. Cassidy also emphasized the importance of both sides approaching the examination process with professionalism and respect. It is important to maintain a constructive and professional relationship with the examination team. Concerns and disagreements will inevitably arise during examinations, but approaching the process with an unnecessary adversarial mindset can make an already complex process more difficult for everyone involved.

He also stated that a successful examination is a shared effort. The examination process works best when the examination team and the firm approach it with a spirit of collegiality, communication, and collaboration.

About Randy Randall: *Randy Randall is a Senior Partner at Helios and a seasoned compliance executive and securities attorney with more than 35 years of experience advising investment advisers, broker-dealers, and investment companies. Before joining Helios, Randy spent more than two decades at William Blair, where he served as Chief Compliance Officer and General Counsel for the firm's Investment Management business. He counsels and advises clients on SEC and FINRA regulatory matters, compliance program design, governance, and complex legal and regulatory issues affecting the investment management industry.*