Top News: Asset Management, Feb. 2026

In February 2026, the asset management industry was impacted, as were most industries, by shifting trade and tariff news, but industry-specific news was linked to: i) actions by the Securities and Exchange Commission (SEC), and ii) the rising impact of AI on asset management pricing and security.

SEC PROPOSALS, PROVISIONS AND INITIATIVES

1. **SEC Form N-PORT Changes: Reducing reporting burdens**

What happened: The SEC proposed amendments that (among other changes) would give funds **additional time** to file the monthly form used by most registered investment companies to report portfolio-related information (Form N-PORT) and to streamline/remove some reporting items. The proposed amendments (expected to be effective November 2027): i) Provide reporting funds with an additional 15 days to file monthly reports of portfolio-related information on Form N-PORT, designed to reduce the potential for errors and resubmissions; ii) reduce the publication of reports from monthly to quarterly, to protect a fund's shareholders by reducing the risks of more frequent public disclosure, such as external parties using information about a fund's portfolio holdings in ways that increase costs for the fund and its shareholders; and iii) modify Form N-PORT reports to streamline or remove certain reported information, including removing "Names Rule"

reporting, and add information about funds with share classes that operate as exchange-traded funds. The changes are designed to reduce reporting burdens without significantly affecting the SEC's use of the data or the public's ability to assess relevant information about a fund.[i] Reporting timelines and item-level requirements drive data governance, operational cost and regulatory risk for complex fund families, especially those running alternatives/liquid alts, derivatives, and multi-asset strategies.
Board response: i) Require a change-impact memo: systems, vendors, and control framework changes if finalized; ii) confirm data lineage and exception handling (N-PORT errors are exam and enforcement magnets); and iii) use this as leverage to rationalize duplicative internal reporting and strengthen "single source of truth."

2. SEC Enforcement Manual: Clarity, speed, framework updates

What happened: The SEC's Division of Enforcement announced significant revisions to its Enforcement Manual (the first major update since 2017 but with annual updates expected), underscoring its commitment to fairness, transparency, and efficiency in the investigations conducted by the Division. The changes to investigative procedures are intended to enhance consistency and uniformity in Division practices, and to create greater efficiencies to support the Commission's mission to protect investors, maintain fair, orderly, and efficient markets and facilitate capital formation. Key changes include: i) Ensuring a uniform Wells process; ii) facilitating simultaneous consideration of settlement recommendations and waiver requests; iii) a framework for evaluating cooperation, to encourage more consistent internal collaboration, and for referrals to criminal authorities; and iv) updates regarding the formal order process and other changes intended to conform the Enforcement Manual to current best practices within the Division. Ultimately, for asset managers, the changes are expected to create more structure around communications with investigation subjects and timelines around Wells processes, shifts in investigation cadence and negotiation posture, and how quickly matters escalate, which affect reserves, disclosure, reputational risk, and remediation timelines [ii].

Board response: i) Ask GC/CCO for an updated enforcement-readiness playbook (document holds, privilege, communications); ii) ensure incident response for regulatory inquiries is tested like cyber IR; and iii) for the Audit Committee, confirm disclosure controls for investigations are crisp and time-bound.

3. SEC Roundtable on Private Markets: Response to retail access

What happened: The SEC announced a March 4 roundtable on private market valuation and "responsible retailization".[iii] Hosted by the Division of Investment Management, the SEC aims "to help everyday investors understand the different valuation approaches used in these products." This SEC effort recognizes the growth and need for appropriate regulation of interval funds, tender-offer funds, BDC-like wrappers, private credit, and any strategy where NAV methodology and liquidity terms can create investor harm, runs, or conflicts.
Board response: i) Demand a valuation governance deep dive (valuation committee independence, pricing vendors, overrides); ii) stress-test liquidity + valuation feedback loops (redemptions → forced sales → NAV marks); and iii) tighten conflicts controls around fees, side pockets, co-investments, and cross-fund allocations.

4. SEC Holding Foreign Insiders Accountable Act: FPI transparency

What happened: The SEC adopted final rule amendments implementing the HFIA Act's disclosure/reporting-related changes[iv], with rules effective March 18, 2026. The HFIA Act requires directors and officers of FPIs - with a class of equity securities registered under Section 12 of the Securities Exchange Act of 1934 – to disclose their holdings and transactions in the FPI's equity securities. The HFIA Act will increase transparency into the holdings and transactions of directors and officers of FPIs; accordingly, cross-border holdings and ADR exposures bring governance, disclosure, and enforceability risks, especially for passive strategies that must hold benchmark constituents.
Board response: i) Review foreign issuer governance risk policy and stewardship escalation triggers; and ii) reassess index/benchmark governance and what flexibility you have to manage tail risks.

5. **SEC's Updated ETF Data: Active funds and mergers**

What happened: The SEC published reports on active ETFs and fund-mergers, as well as updated statistics on several registrant categories. As noted by the SEC's Chief Economist and Director of its Division of Economic and Risk Analysis, Dr. Joshua T. White, "Active ETFs, while still a smaller segment of the market, are growing rapidly and now rival passive funds in number, reflecting a shift toward more actively managed strategies. At the same time, our research shows that fund mergers can deliver meaningful fee reductions for investors. These trends highlight the importance of ongoing analysis to ensure transparency and resilience in this fast-changing landscape." With more than 3,600 ETFs holding assets exceeding $10 trillion, understanding this market is critical, and the SEC's reports highlight the importance of ongoing analysis of growth, consolidation and regulations to ensure transparency and resilience in an environment of shifting fee pressures, distribution economics, liquidity management and operational scale advantages[v].
Board response: i) Ask management for a product rationalization / conversion plan (mutual fund ⟷ ETF where appropriate); and ii) confirm the firm's capital allocation posture for distribution, tech modernization, and M&A integration risk.

AI AND QUANTUM IMPACT PRICING AND SECURITY

6. **AI-driven Market Repricing: Private equity / asset management risks from credit, leverage, positioning**

What happened: A ripple effect is occurring from software to asset managers/private equity, first for those that have significant exposures tied to loans and leverage, and secondarily to the firms' pay-by-hour or public market exit business models. This is a "second-order risk" story: tech drawdowns become credit spread widening, covenant stress, liquidity gating risk, and correlated deleveraging across strategies[vi].
Board response: i) Require a cross-product leverage map (funds, SMAs, bank balance sheet, financing lines); ii) validate liquidity stress testing assumptions for correlated selloffs and margin/collateral calls; and iii) re-check counterparty and prime brokerage concentration.

7. **AI-enabled Fraud/deepfakes: A board-level operational risk**

What happened: The Bank of Italy warned about deepfake video scams using the governor's likeness to promote fraudulent investments. Deepfakes and synthetic identity attacks directly impact banks and asset managers via account opening fraud, payment fraud, call-center/social engineering, and brand impersonation (including fake "investment opportunities")[vii].
Board response: i) Elevate fraud to "AI-era" controls: liveness checks, behavioral analytics, call-center verification; ii) require impersonation monitoring (web/social) and a rapid takedown process; and iii) tie fraud loss tolerances to a board-approved operational risk appetite.

8. Cyber Risk Continues: Data theft events with bank data elements

What happened: Dutch telecom company Odido experienced theft of over 6 million customers' personal data (including bank details), which was then published on the dark web[viii], illustrating ongoing "data exhaust" and identity fraud risk that financial firms inherit. Financial institutions absorb the downstream impact through account takeover, synthetic identity creation, and higher fraud loss rates, even if the firm itself isn't breached.
Board response: i) Validate customer identity + transaction monitoring stack against "breach-fed" fraud waves; and ii) expand third-party cyber requirements (data minimization, encryption, breach notification SLAs).

9. Quantum preparedness is becoming procurement and governance work (not just "future tech")

What happened: January's G7 roadmap (Treasury/Bank of England chaired) and exchange-sector warnings continued to shape February planning discussions for financial firms' post-quantum migration programs. The adoption of quantum computing in financial markets has the potential to become a "high-impact risk", according to the top industry group for exchanges. As stated by the World Federation of Exchanges (which represents more than 200 bourses and clearing houses), "the prospect of quantum computing poses an emerging high-impact risk to encryption and fraud detection systems". "Harvest now, decrypt later" risk means long-lived sensitive data (identity, contracts, trading records) needs a multi-year migration plan and vendor alignment[ix].
Board response: i) Add PQC readiness milestones to cyber KPIs (inventory, crypto agility, vendor contract clauses); and ii) require critical vendors (custody, fund admin, transfer agent, market data) to provide PQC roadmaps.

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[i] https://www.sec.gov/newsroom/press-releases/2026-19-sec-proposes-amendments-reduce-burdens-reporting-fund-portfolio-holdings, https://www.sec.gov/rules-regulations/2026/02/s7-2026-05
[ii] https://www.sec.gov/newsroom/press-releases and https://www.reuters.com/legal/government/us-sec-give-probe-targets-more-notice-rolls-out-other-changes-2026-02-24/
[iii] https://www.sec.gov/newsroom/press-releases/2026-21-sec-announces-roundtable-private-markets-valuation-retail-investor-access-accelerates and https://www.sec.gov/newsroom/meetings-events/private-markets-roundtable
[iv] https://www.sec.gov/newsroom/press-releases/2026-23-sec-adopts-final-rules-holding-foreign-insiders-accountable-act and https://www.sec.gov/files/rules/final/2026/34-104903.pdf
[v] https://www.sec.gov/newsroom/press-releases/2026-17-sec-publishes-data-exchange-traded-funds-fund-mergers-updated-statistics-municipal-advisors-transfer
[vi] https://www.reuters.com/business/ripple-effects-software-rout-felt-through-asset-managers-2026-02-06
[vii] https://www.reuters.com/business/finance/bank-italy-warns-over-deepfake-video-scams-using-governor-panetta-2026-02-26/

[viii] https://www.reuters.com/business/media-telecom/hacking-group-begins-leaking-customer-data-dutch-telecom-odido-hack-2026-02-26

[ix] https://home.treasury.gov/news/press-releases/sb0355 and https://www.fnlondon.com/articles/quantum-computing-in-financial-markets-poses-high-impact-risk-exchanges-warn-6da93911