

Insights



David McGill to Reuters: SEC's Proposed Private Fund Disclosure Rules Invite More Government Investigations

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The U.S. Securities and Exchange Commission (SEC) is ramping up scrutiny of private funds as it proposes new rules increasing disclosures to the agency. Kobre & Kim's David McGill, who regularly represents hedge funds and traders against government enforcement actions, looked at the potential consequences of the rule change when he spoke with *Reuters*.

The proposed changes would require private funds to disclose material events within one business day, as opposed to the current quarterly or annual requirement, as well as lower the reporting threshold to include private funds with at least US \$1.5 billion in assets under management.

Mr. McGill said the SEC will undoubtedly use the data to probe individual funds. "Ultimately, increased reporting is going to lead to increased investigating, and nothing gets investors to run for the door faster than a government investigation. Those practical realities provide plenty of motivation for funds to push back here," he explained.

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