

Significant Developments for Registered Closed-End Funds of Private Funds

August 19, 2025

In a development consistent with the recent executive order allowing 401(k)s to invest in alternatives and crypto, the Securities and Exchange Commission (“SEC”) has dropped the requirement that a registered closed-end fund that invests more than 15% of its assets in private funds must (a) limit offers to accredited investors under Regulation D of the Securities Act and (b) require a minimum initial investment of \$25,000.

This new guidance appears in an Accounting and Disclosure Information (ADI) 2025-16 which was recently published by the SEC’s Division of Investment Management. The SEC’s guidance under ADI 2025-16 - Registered Closed-End Funds of Private Funds can be found [here](#). The guidance marks a significant shift from the SEC’s position over the last two decades.

Clients with existing registered closed-end fund of fund products should revisit their disclosures to address the SEC’s new guidance. Clients evaluating new products should view this as a very welcome development. The SEC’s attitude toward private funds continues to change and this guidance, which opens the door to retail investment in private fund of funds, continues that trend.

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