

## Basil Godellas and Elizabeth Ireland Discuss Fifth Circuit Nullification of SEC Private Funds Advisor Rule with *Refinitiv*

JUNE 7, 2024

Winston & Strawn partners Basil Godellas and Elizabeth Ireland were quoted in a Refinitiv article discussing the recent US appeals court decision to vacate a rule by the Securities and Exchange Commission that requires private fund advisors to deliver quarterly statements and undergo annual audits and limited those advisors' ability to make customized arrangements with investors. In its ruling, the US Court of Appeals for the Fifth Circuit agreed with the six trade groups representing private fund managers who filed a lawsuit against the regulator, arguing that the rule went beyond the SEC's statutory authority and that the market already provides sufficient disclosures.

As the private credit has grown in assets in North America, the asset class has come under greater scrutiny from regulators, but private fund managers have argued that additional regulation would be a costly, unnecessary burden. Given the costs at stake, "right now, certainly, the industry is breathing a huge sigh of relief," said Basil.

Elizabeth stated that if the rule were to stand, it could also impact how the SEC proceeds with future rulemaking and enforcement, given the court's limited view of the regulator's authority.

It "does make things hard for the SEC in terms of deciding what it does next because the ruling really is such a clear decision about statutory interpretation," she said.

[Read the full article \(subscription required\).](#)

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