

OPINION PIECE

01

THE RULES HAVEN'T CHANGED, THE SCRUTINY HAS

The SEC issued no new rules in September. It told funds what examiners will test.

By **Ann Tang, CFA, CPA**

The views expressed are the author's own and do not necessarily represent those of Verified Metrics.

The rules haven't changed, the scrutiny has

KEY TAKEAWAY

The SEC's September 28 statement adds no new rules, but it shows what examiners will test. Review valuation policies against it now.

On September 28, SEC Chief Accountant Kurt Hohl and Investment Management Director Brian Daly issued a joint staff statement on fair value for private assets. It adds no new rules. But when a regulator restates existing rules this pointedly, it is signaling what it plans to test.

The statement sets out four expectations, summarized on the right. It also reminds auditors to apply professional skepticism, given these estimates' "susceptibility to management bias."

What examiners will ask

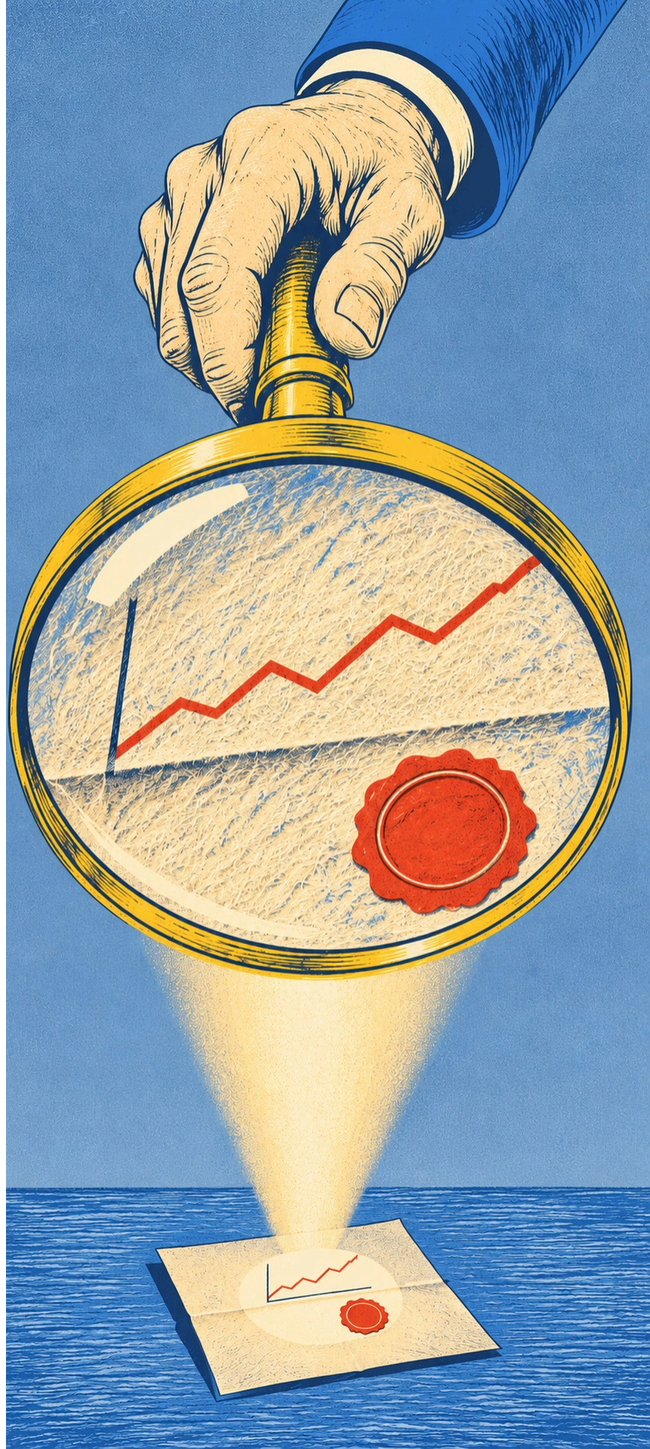
1 What did you pay?
Calibrate to the entry price

2 What does the market say?
Comps, public equivalents, secondaries

3 What drives the number?
Disclose the key inputs

4 Did you check the NAV?
Do not lean only on it

Source: SEC staff statement (Sep 28, 2026). See sources



Calibration is where funds are most exposed

KEY TAKEAWAY

Marking a discounted secondary straight up to NAV books a gain no buyer has paid. Examiners will ask funds to explain that gap.

Calibration starts from the price actually paid. This is where many funds fall short.

Take a stake bought in a secondary at a 30% discount and marked up to the manager's reported NAV. The books show a 43% return on day one. That return is an assumption, not a market price. In five evergreen PE funds with $11.6bn in combined assets, 84% of early returns came from unrealized gains.

The same question applies across venture, growth equity, buyouts and private credit. Market evidence is often thin or biased, but it still has to be weighed. Where a mark sits away from the evidence, the fund needs to explain why. A mark that cannot explain that gap will be hard to defend.

A $30 uplift. No new cash.

A $70 purchase marked to $100 reported NAV

$70
Price paid

+$30
Uplift to NAV



+43%
Return booked on day one
$30 uplift / $70 paid. No cash received.

84%
of early returns were unrealized
Five evergreen PE funds, $11.6bn combined

Illustrative example, not a real fund. Source for the 84%: Leyla Kunimoto, Accredited Investor Insights, "UNREAL Gains" and LinkedIn post (May 14, 2026). See sources

Examiners are already asking

KEY TAKEAWAY

Valuation is already a common exam focus. Document your marks before the examiner asks.

In Deloitte's latest survey of 95 registered fund groups, more than half of those examined by the SEC said valuation was a focus. After the September statement, expect sharper questions.

What to do before the next exam

- **Record** the entry price and every change since, with its reason.
- **Compare** marks each quarter with company results and market evidence.
- **Explain** any gap above a set threshold, including reliance on a manager's NAV.

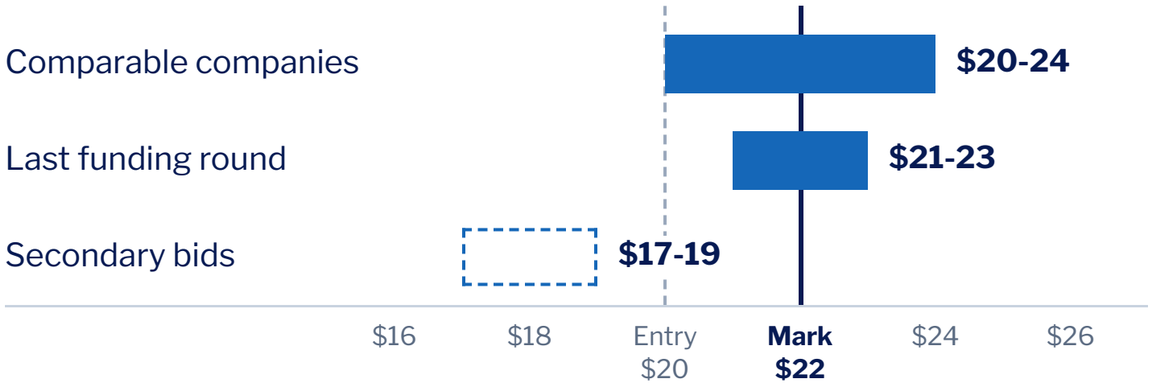
Funds that can show how each mark was set should find the next exam routine.

2024 **39%** → 2025 **58%**

of SEC-examined fund groups said valuation was a focus

Where one mark sits against the evidence

Per-share value of one portfolio company, Sep 2026



Explain the outlier: secondary bids sit below the mark. Noted, weighted lightly: small, infrequent trades.

Illustrative example, not a real company. Survey: Deloitte, Fair Valuation Pricing Survey (Oct 8, 2026). See sources

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OPENING

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PIECE 01: THE RULES HAVEN'T CHANGED, THE SCRUTINY HAS

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Sources retrieved October to November 2026. Continued

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