

*This is your Release #6 (June 2015)*

# **Private Equity Funds**

## ***Formation and Operation***

**By Stephanie R. Breslow and Phyllis A. Schwartz**

This sixth release to *Private Equity Funds* expands its discussion of the complex issues in the formation and operation of private equity funds to assist advisers and fund managers. Highlights of this release include:

**Chapter 10, Investment Advisers Act of 1940, New section 10:5.8, Custody Rule.** Under Rule 206(4)-2 (the “custody rule”), most private equity managers have, or are deemed to have, custody of client assets. An investment manager will also be deemed to have custody if a “related person” maintains custody of client funds or securities. Discussion of the definition of “custody” under the custody rule, as well as the specific conditions imposed by the custody rule on registered investment advisers who have actual or deemed custody of client assets. **New section 10:5.9, Fees and Expenses.** Discussion of the separate SEC enforcement actions against Clean Energy Capital and Lincolnshire Management, Inc., both of which underline the SEC’s focus on the allocation of fees and expenses to clients by private equity managers as a major regulatory compliance concern.

**Chapters 1–4, 7, 8, 11–14** have also been updated

To aid in your research, the **Table of Authorities** and the **Index** have also been updated.

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# Private Equity Funds

### *Formation and Operation*

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