

Alert | Financial Regulatory & Compliance



May 2026

SEC Raises Threshold for ‘Qualified Client’ Status, Effective June 29, 2026

On April 28, 2026, the U.S. Securities and Exchange Commission (“SEC”) issued an Order increasing the thresholds for a client or private fund investor to be deemed a “qualified client” under Rule 205-3 under the Advisers Act.

Threshold Changes in the SEC’s Order

- From \$1.1 million to \$1.4 million in assets under management with the adviser immediately after entering into the advisory arrangement (an investment in a private fund, for example); or
- From \$2.2 million to \$2.7 million in net worth (together with assets held jointly with a spouse, but excluding the value of the person’s primary residence and related debt) at the time of entering into the advisory arrangement (an investment in a private fund, for example)

The change becomes effective on June 29, 2026. Qualified Purchasers will continue to be deemed “qualified clients” after the rule’s effective date, with no change to the manner in which they currently qualify.

Practical Takeaways

Registered investment advisers that charge performance-based fees, including advisers sponsoring or otherwise affiliated with private fund offerings that anticipate holding one or more closings on or after June 29, 2026, should consider working with counsel to update the necessary documentation and compliance procedures, including but not limited to, subscription documents, private placement memorandums, transfer agreements, supplemental investor questionnaires and private placement guidelines.

Authors

This GT Alert was prepared by:

- **Arthur Don** | +1 312.456.8438 | dona@gtlaw.com
- **Steven M. Malina** | +1 312.476.5133 | Steven.Malina@gtlaw.com
- **Richard M. Cutshall** | +1 303.572.6527 | cutshallr@gtlaw.com
- **Rachel B. Cohen-Deaño** | +1 312.456.8416 | CohenRa@gtlaw.com
- **Efraim F. Burle** | +1 954.768.5246 | efraim.burle@gtlaw.com

Abu Dhabi[†]. Albany. Amsterdam. Aspen. Atlanta. Austin. Berlin[†]. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Dubai[†]. Fort Lauderdale. Houston. Las Vegas. London[†]. Long Island. Los Angeles. Mexico City[†]. Miami. Milan[†]. Minneapolis. Munich[†]. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Riyadh[†]. Sacramento. Salt Lake City. San Diego. San Francisco. São Paulo[†]. Seoul[†]. Shanghai. Silicon Valley. Singapore[†]. Tallahassee. Tampa. Tel Aviv[†]. Tokyo[†]. Warsaw[†]. Washington, D.C. West Palm Beach. Westchester County.

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. †Greenberg Traurig's Abu Dhabi office is a branch of Greenberg Traurig, P.A., which is registered with the Abu Dhabi Global Market Registration Authority (Registration No. 29906) and licensed to carry out legal services and regulated as a DNFBP by the ADGM Financial Services Regulatory Authority. †Greenberg Traurig's Berlin and Munich offices are operated by Greenberg Traurig Germany, LLP, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. †Greenberg Traurig's Dubai office is operated by Greenberg Traurig Limited, a company registered in the Dubai International Financial Centre (Registration No. CL7238), regulated as a DNFBP by the Dubai Financial Services Authority and licensed by The Government of Dubai Legal Affairs Department. *Operates as a separate UK registered legal entity. †Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. †Greenberg Traurig's Milan office is operated by Greenberg Traurig Studio Legale Associato, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. †Greenberg Traurig operates in the Kingdom of Saudi Arabia through Greenberg Traurig Khalid Al-Thebity Law Firm, a professional limited liability company, licensed to practice law by the Ministry of Justice. †Greenberg Traurig's São Paulo office is operated by Greenberg Traurig Brazil Consultores em Direito Estrangeiro – Direito Estadunidense, incorporated in Brazil as a foreign legal consulting firm. Attorneys in the São Paulo office do not practice Brazilian law. †Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. †Greenberg Traurig's Singapore office is operated by Greenberg Traurig Singapore LLP which is licensed as a foreign law practice in Singapore. †Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. †Greenberg Traurig's Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimubengoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. †Greenberg Traurig's Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2026 Greenberg Traurig, LLP. All rights reserved.*