

Michael Didiuk Discusses Converting Private Funds Into Registered Funds to Access Retail Capital

March 10, 2026

Financial Markets and Funds Partner Michael Didiuk spoke with *Private Equity Law Report* about the trend of fund managers converting private funds into registered funds under the Investment Company Act of 1940.

Discussing key differences between private and registered funds, Mike explained, "The general purpose of the Investment Company Act is to protect retail investors, which is supported and explained by Section 1 thereof." He noted that private funds formed under Sections 3(c)(1) and 3(c)(7) allow managers to avoid registered fund governance and reporting obligations, but limit their investor base to accredited investors or qualified purchasers.

On the appeal of conversions, Mike said, "In considering ways to expand access to retail investors, fund managers may consider converting their private fund to a registered vehicle. One reason for conversion is the rising retail demand for alternative strategies and asset classes, which dovetails with managers' perpetual interest in increasing distribution opportunities." He observed that conversion offers significant opportunities to increase assets under management, since the income and wealth thresholds for private funds exclude many investors.

Mike also addressed procedural aspects, noting that managers planning a conversion must engage tax counsel to ensure a tax-free reorganization. He emphasized that the private fund's organizational documents must be reviewed to determine whether investor approval or a formal reorganization is required.

["Converting a Private Fund Into a Regulatory Fund: Trend, Drivers and Time Frame \(Part One of Two\)," *Private Equity Law Report*, March 5, 2026](#)

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CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Michael S. Didiuk

+1.212.940.6677

michael.didiuk@katten.com

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