

Michael Didiuk Discusses Operational and Service Provider Considerations When Converting a Private Fund Into a Registered '40 Act Fund

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Financial Markets and Funds Partner Michael Didiuk spoke with *Private Equity Law Report* about the critical operational and service provider challenges that advisers must navigate when converting a private fund into a registered fund under the Investment Company Act of 1940.

Regarding the scope of changes a conversion demands, Mike noted that although there will inevitably be some overlap in the service providers used for the private fund, a conversion will require an adviser to implement changes unique to registered funds that go beyond merely establishing a board of directors. He observed that advisers will need to establish a number of roles specific to the registered fund, including an audit committee, a fund-level chief compliance officer distinct from the adviser's CCO, a Financial Industry Regulatory Authority (FINRA) member-distributor and underwriter and a transfer agent.

Turning to the role of fund administrators, Mike acknowledged that administrators are not necessarily a new addition to the suite of service providers needed when operating a registered fund, as private funds also use them. He emphasized, however, that administrators are particularly important in the context of registered funds. They are especially crucial for advisers who have operated in the private fund space and lack internal expertise in the accounting and bookkeeping issues that arise once a fund is registered. Mike explained that fund administrators are essential for tracking, including inflows, outflows, redemptions, subscriptions, new purchasers, and books and records. He further noted that the role of a fund administrator fluent in registered fund matters is so vital that it should dissuade advisers from simply carrying over any existing administrator relationships from their private funds without first analyzing whether those administrators have the experience and skills to serve the registered fund as well.

"Converting a Private Fund Into a Regulatory Fund: Investor Relations, Track Record and Board of Directors Issues (Part Two of Two)," *Private Equity Law Report*, March 19, 2026

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