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### As Pandemic Lingers, SEC Has Not Forgotten About Advisers' Share Class Selection and Compensation Practices

In an October 2019 update, we highlighted that the SEC's attention to Rule 12b-1 fees for over 40 years, along with more recent initiatives, enforcement activities, and FAQs suggested that the Commission would likely continue to closely scrutinize investment advisers' share class selection and related compensation practices at least for the foreseeable future. In January of this year, the SEC's Office of Compliance Inspections and Examinations highlighted this area in its 2020 National Examination Program Priorities. True to its word, the SEC has continued to pursue enforcement actions relating to the fiduciary duties and conflicts of interest of investment advisers in connection with mutual fund share class selection and Rule 12b-1 fees, revenue sharing, and other financial arrangements. As operational and market volatility issues arising from the COVID-19 pandemic are rightly occupying much of the asset management industry's bandwidth, our [current update](#) reminds fund boards and advisers of the SEC's continued enforcement in this area that raises questions about the future of Rule 12b-1 fees and advisers' revenue sharing and other compensation practices.

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