



GLOBAL VALUATIONS SERVICES

SEC's Private Markets Roundtable: Responsible Retailization, Valuation, and Governance

The SEC's Private Markets Roundtable examined how private-market assets—private equity, private credit, real estate, and venture—are increasingly being packaged into publicly offered vehicles, and what “responsible retailization” requires from a governance, valuation, and disclosure standpoint. The event was hosted by the Division of Investment Management, with opening remarks on March 4, 2026, from Director Brian Daly and SEC Chair Paul Atkins.

Themes of Private Markets Roundtable

Two themes structured the agenda:

- **Part I — When Two Worlds Collide:** The migration of traditionally private, opaque, and infrequently priced assets into public-facing fund structures
- **Part II — Fund Governance:** Oversight expectations for boards, advisers, and valuation committees as retail investors gain exposure to illiquid assets

Private Markets Roundtable – Issues Discussed

1. Retailization of Private Markets

Panelists debated the SEC's push to broaden retail access to private-market products.

- Critics emphasized **opaque disclosures, illiquidity, valuation uncertainty**, and the absence of true retail-investor representation.
- Supporters highlighted diversification benefits and innovation in fund structures.
- A central tension: **continuous pricing in liquid markets** versus **infrequent, model-based marks** in private markets, where transparency is limited and observable inputs are scarce.

2. Valuation Challenges

The SEC referenced recent enforcement actions involving **COVID-era loan valuation failures**, underscoring that valuation processes must incorporate new information **promptly, consistently, and transparently**, especially during stress.

Key concerns included:

- **Appraisal lag** and stale marks in private credit and private equity
- **Conflicts of interest** when advisers determine their own valuations
- **Methodology consistency** across hybrid public/private vehicles
- **Board challenge:** Boards must actively interrogate adviser assumptions, not simply accept them.

3. ASC 820 vs. ASC 825 – Process and Control Expectations

The roundtable highlighted the distinction between **ASC 820 (Fair Value Measurement)**¹ and **ASC 825 (Financial Instruments)**² as a governance and control issue, not just an accounting one.

- **ASC 820** focuses on *how* fair value is measured—hierarchy, inputs, valuation techniques, and disclosure of assumptions.
 - For illiquid assets, this means **robust model governance, documentation of unobservable inputs, and evidence of market-participant assumptions.**
- **ASC 825** focuses on *what* financial instruments are measured at fair value and the **classification** of those instruments.
- For hybrid public/private fund structures, this drives **product-level control design**, including how liquidity terms, redemption mechanics, and pricing frequency align with the underlying asset class.

The SEC emphasized that **product structure dictates control structure**. Funds offering **daily or frequent net asset values (NAVs)** must demonstrate valuation processes capable of supporting that frequency, even when underlying assets are illiquid and priced infrequently. Misalignment between **product promises** and **valuation capabilities** is now a regulatory red flag.

4. Governance Expectations

The governance discussion focused on:

- **Board oversight** of complex, illiquid assets and the need for documented challenge
- **Valuation committee standards**, including escalation protocols and evidence of independent review
- **Disclosure expectations** as private-market exposure grows inside public funds
- Ensuring retail investors understand **liquidity limits, redemption gates, pricing mechanics, and valuation uncertainty**

5. Convergence of Public and Private Structures

As private-market assets migrate into public wrappers (interval funds, tender-offer funds, BDCs), the regulatory gap between public and private markets is narrowing—but unevenly.

The SEC signaled that **governance, valuation rigor, and disclosure standards must rise to meet this convergence**, not the other way around.

What This Means in Practice

For risk, valuation, and compliance professionals, the roundtable signals:

- **Heightened scrutiny on valuation controls** for illiquid assets in public-facing funds
- **Documentation expectations**: how new information is incorporated, how assumptions are challenged, and how conflicts are mitigated
- **Governance uplift**: Boards must demonstrate active oversight, not passive acceptance of adviser marks.
- **Retail-protection lens**: Disclosures must clearly explain liquidity constraints, pricing frequency, and valuation uncertainty.
- **Alignment of product structure and valuation capability**: Daily-priced products cannot rely on quarterly or stale private-asset marks.

¹ FASB Accounting Standards Update, “Fair Value Measurement (Topic 820),” June 2022, [https://www.fasb.org/page/ShowPdf?path=ASU%202022-03.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202022-03%E2%80%94Fair%20Value%20Measurement%20\(Topic%20820\):%20Fair%20Value%20Measurement%20of%20E](https://www.fasb.org/page/ShowPdf?path=ASU%202022-03.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202022-03%E2%80%94Fair%20Value%20Measurement%20(Topic%20820):%20Fair%20Value%20Measurement%20of%20E)

² FASB Accounting Standards Update, “Financial Instruments—Overall (Subtopic 825-10),” January 2016, [https://www.fasb.org/page/ShowPdf?path=ASU%202016-01.pdf&title=Update%202016-01%E2%80%94Financial%20Instruments%E2%80%94Overall%20\(Subtopic%20825-10\):%20Recognition%20and%20Measurement%20of%20Finan](https://www.fasb.org/page/ShowPdf?path=ASU%202016-01.pdf&title=Update%202016-01%E2%80%94Financial%20Instruments%E2%80%94Overall%20(Subtopic%20825-10):%20Recognition%20and%20Measurement%20of%20Finan)

Quick Summary of Private Markets Roundtable

- The SEC is spotlighting **valuation rigor**, **governance accountability**, and **product-control alignment** as private-market products expand into retail channels.
- Recent enforcement actions show the Commission expects **timely, evidence-based valuation updates**, especially during volatile periods.
- Boards and advisers should prepare for **heightened expectations** around documentation, challenge processes, and transparency.
- ASC 820 vs. ASC 825 distinctions reinforce that **valuation methodology and product design must be aligned**, with controls tailored to the liquidity and pricing characteristics of the underlying assets.

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