May 28, 2026

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

Re: Comments on Proposed Rule — Fiduciary Duties in Selecting Designated Investment Alternatives (RIN 1210-AC38)

To Whom It May Concern:

The EDHEC Infrastructure & Private Assets Research Institute (EIPA) respectfully submits these comments in response to the Department of Labor's proposed rule under RIN 1210-AC38. We welcome the Department's effort to establish a principled, process-based framework for fiduciaries selecting designated investment alternatives, including those that contain private assets. Our comments address four areas where additional guidance would meaningfully strengthen the proposal: Valuations, Risk, Benchmarking, and Fees.

This submission builds on our prior engagement with the House Financial Services Subcommittee on Capital Markets in March 2025. The six factors identified for the process-based safe harbor align closely with the risks we highlighted in that submission. We believe, however, that important gaps remain — particularly around the quality of private asset valuations and the measurement of risk. Because private asset valuations are typically infrequent and smoothed, they have material downstream consequences for risk metrics, apparent diversification benefits, and performance benchmarking that the current proposal does not yet fully address. We discuss each area in turn.

About Us

Since 2016, the EDHEC Infrastructure & Private Assets Research Institute (EIPA) has been developing ground-breaking research to document the risks and financial performance of investments in unlisted infrastructure equity and debt and private equity. The data produced by the institute is grounded in modern financial theory and the principles of fair value accounting, which are key pillars of sound financial risk management.

Through its work, the institute has shown that it is possible to measure market dynamics in private and illiquid markets and produce credible measures of the risk-adjusted performance of private assets that makes them comparable to other asset classes. The same data is used by policy makers and prudential authorities including the G20, the OECD, IAIS, and more.

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Key Factors

On Valuation: General

The proposal's reliance on ASC 820 and emphasis on a conflict-free, independent valuation process are an important and necessary foundation, consistent with broader supervisory expectations. We discuss these supervisory expectations in greater detail in the supplemental policy paper submitted as an appendix to this letter: *Private Asset Valuation: Comparative Regulatory Briefing*. But functional independence is only one pillar of a credible valuation framework; fiduciaries also need sufficient transparency around key assumptions, sensitivity to plausible changes in those assumptions, and the range of valuation uncertainty to assess comparability and decision-usefulness. We therefore recommend the Department consider requiring, as part of the safe harbor, that valuation representations include disclosure of key assumptions, at least one sensitivity analysis showing how values shift under plausible changes to those assumptions, and a stated range of uncertainty. This would not add significant burden but would meaningfully distinguish robust valuation from procedurally compliant but economically thin assessments. It would also improve comparability across managers and vintages, which benefits fiduciaries making selection decisions.

On Valuation: Continuation Funds

In example (j)(4), the standard suggests that a fiduciary would have to establish that any potential conflict of interest would not render the designated investment alternative's valuation inaccurate. The conclusion is that the fiduciary would not be able to satisfy this standard. We agree with this point of view but this could be extended to all investment alternatives that may hold interests in continuation funds. Diversified private asset funds that pursue secondary interests often have exposure to continuation funds. The ruling should clarify whether this conclusion applies only to direct interests in continuation funds, or whether it extends to all continuation fund exposure, including indirect positions obtained through diversified private asset funds.

On Risk

The performance factor in paragraph (g) appropriately references risk-adjusted returns, and the example helpfully cites the Sharpe Ratio. We recommend the Department acknowledge in guidance that standard volatility measures, including the Sharpe Ratio, may systematically understate risk in private assets due to appraisal smoothing of returns. Fiduciaries relying solely on reported volatility metrics for private infrastructure, PE, or private debt may be comparing against an artificially favorable risk profile. Additionally, appraisal smoothing may understate correlations with listed asset classes, overstating diversification benefits. We suggest the Department encourage, without mandating, that fiduciaries also consider downside scenario analysis and liquidity stress testing as part of the performance and liquidity factors. The derivatives guidance from 1996 already established this precedent for complex instruments and could be referenced here.

In Table 3 – "Peak to Trough Drawdowns of Asset Class Indices in Select Periods", the fiduciary should understand that one is comparing modeled appraisal valuations for private assets with market base pricing for listed assets. The results may be materially misleading.

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For example, the drawdown during the Covid-19 pandemic shows Private Equity, Private Debt, and Real Estate down 8.5%, 6%, and 3.5%, respectively. The drawdown of global markets was 22.1% and high yield bonds 13.8%. These results may imply valuation errors and smoothing rather than downside protection. Please see the following paper on valuations produced by EIPA: https://edhecinfraprivateassets.com/paper/the-case-for-valuation-discipline-in-private-markets/

On Benchmarking and Alpha

The meaningful benchmark definition in paragraph (k) is well-constructed and the composite benchmark example for PE in (k)(2) is helpful. We recommend the Department add brief guidance noting that when benchmarking private assets, fiduciaries should be aware that reported returns may reflect illiquidity premia, leverage effects, and smoothing rather than manager skill alone. This does not require prescribing a specific methodology, but flagging the issue encourages fiduciaries to ask the right questions of their advisers. It also guards against the risk that flexible custom benchmarks are used in ways that inflate apparent outperformance. The use of a public market equivalent, mentioned in (k)(2), affords significant latitude in selecting an index for the calculation. For example, a large cap index like the S&P 500 may give a very different result than a private equity index, global index such as MSCI ACWI, or a small cap index (Russell 2000 or SP 600). Fiduciaries should understand why an index was chosen and whether it captures the systematic risk of that market.

On the interaction between valuation and benchmarking

This is a point the rule does not currently address. Because performance benchmarks for private assets are typically built on NAVs, and NAVs are themselves model-based, procedural compliance on valuation and benchmarking simultaneously can still produce misleading performance comparisons. We recommend the Department add a brief acknowledgment of this compounding effect and encourage fiduciaries to consider whether their benchmarking process is sensitive to valuation methodology choices made by the manager.

On Complexity and Fees

In l(1), the example discusses fees for private assets, which often include management fees and variable based performance fees. In specifying whether a plan fiduciary has met the comprehension requirements of paragraph (l), two scenarios are provided to meet the standard. We suggest that in (A), that the average total expected rate of the designated investment alternative's fees should be expanded to include all fees paid directly or indirectly by the plan. This would include not only fees paid to the fund manager, but all fees, management and variable, paid to the underlying fund interests held by manager. This would apply to fund of funds or funds that are acquiring secondary interests. When combined, the total fee load for the participant may be significantly higher than the headline fee. Please see the following paper produced by EIPA for more details on fees: Evergreens: The Tree That Never Sheds – A Closer Look at Performance, Risk, and Valuation Practices in Private Equity Evergreens | EDHEC Infra & Private Assets.

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EIPA Submission to the House Financial Services Subcommittee on Capital Markets, March 2025. Available at: https://publishing.sipametrics.com/open+letters/202503_comments_house_fss_on_capital_markets.pdf

EDHEC Infrastructure & Private Assets Research Institute. “Private Asset Valuation: Comparative Regulatory Briefing”, May 2026 (supplemental policy paper submitted with these comments).

Appendix

EDHEC Infrastructure & Private Assets Research Institute. Private Asset Valuation: Comparative Regulatory Briefing. May 2026. Submitted as a supplemental policy paper accompanying these comments.

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Private Asset Valuation: Comparative Regulatory Briefing

EDHEC Infrastructure & Private Assets Research Institute

April 2026

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Tim Whittaker was awarded his PhD in Finance from Griffith University in 2013. His research interests are infrastructure finance, public private partnerships and asset pricing. Prior to completing his PhD he worked for five years as a corporate finance analyst in Australia. In addition, Tim holds a Master of Business (Financial Management) from Queensland University of Technology and a Bachelors of Economics and Commerce from the University of Queensland. He leads our team of financial analysts and has 15 years' experience in infrastructure investment research.

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Introduction

In this briefing note, we detail the key public consultations, guidance, reviews and enforcement signals from the seven regulatory regimes that shaped the Q1 2026 position. We compare each authority's current priorities and signals regarding private asset valuation:

- hard requirements;
- live or recently closed consultations;
- supervisory guidance; and
- the practical enforcement posture.

Our purpose is to present a consolidated view on:

- where the control expectations are converging;
- where they are diverging; and
- what concerns the regulators the most.

All information is drawn from the public domain. Where public source details are light – especially for MAS and the current ESMA layer beyond the AIFMD valuation framework – this note is explicit about the level of certainty rather than overclaiming.

Coverage	Cut-off
Private asset valuation in open-ended and closed-ended funds, semi-liquid structures, continuation funds, adviser-led transactions, and retail/private-wealth access frameworks where relevant.	Public materials identified through 31 March 2026, with selected 2023-2025 background sources included where needed to explain the current position.

1. Valuation is now a governance issue

Regulators are treating valuation less as a narrow model-selection problem and more as a question of accountability, challenge, conflicts, committee design, escalation and investor fairness.

2. The hottest zone is private assets plus dealing liquidity

The sharpest scrutiny is attaching to open-ended and semi-liquid funds, continuation funds and any structure where imperfect valuations can affect subscriptions, redemptions, leverage, fees or investor transfers.

3. Ad hoc revaluation triggers matter

Firms are increasingly expected to document the quantitative and qualitative thresholds that trigger out-of-cycle valuations, rather than simply wait for the next quarter-end or routine NAV point.

Introduction

4. Error correction is hardening into an operational expectation

CSSF is already operational on tolerance thresholds and remediation; IOSCO and ESMA also emphasise early error detection, prompt correction and investor compensation where material harm arises.

A quick summary

The overall signal indicates that a valuation framework is expected to evidence independence, conflicts management, trigger-based revaluations, model validation, third-party valuer oversight, and a clear error-correction / investor-remediation path.

In the remainder of the note, we will first outline the summary of findings in the executive summary, followed by a detailed account of each authority's current regulatory focuses and priorities. We will conclude with implications for firms and raise further discussion topics for regulators. We list the public-sourced materials we consulted in Appendix A. Scope limitations and interpretative cautions to this note are documented in Appendix B.

Executive Summary

The Core Regulatory Trend

Private asset valuation is no longer being treated as a back-office technicality. Regulators are increasingly addressing it as a front-line investor-protection, market-integrity and product-governance issue. The regulatory message is the strongest where private assets meet dealing liquidity, wider distribution, or structural conflicts, e.g., open-ended and semi-liquid funds, continuation funds, adviser-led transactions, private credit funds sold to a broader investor base, or superannuation and pension arrangements where stale or inconsistent valuations can create inequitable pricing among investors or members.

There is also a strong shift from abstract principle to exam-ready operational detail. IOSCO is in the process of updating its global valuation principles. FCA has now published a detailed supervisory review of private market valuation practices and is explicitly signalling firms to tighten governance, independence and ad hoc valuation triggers. ESMA and national regulators are leaning on the existing AIFMD valuation framework, but with more targeted supervision of less liquid assets, stressed-market conditions and valuation errors. CSSF has gone further by hardening expectations around NAV error thresholds, compensation and remediation. In Australia, APRA and ASIC together have built a twin-track message: prudential valuation governance for superannuation trustees and conduct / disclosure surveillance for private credit and unlisted investments. Singapore appears to be moving in the same direction through its consultation-stage framework for retail access to private market funds, even though a final public framework was not identified in the materials reviewed through Q1 2026.

Implication

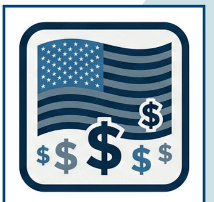
Regulators are converging on four minimum control pillars: accountable governance, real independence and conflicts management, fit-for-purpose methodologies with validation, and a tested process for stale values, valuation errors and investor remediation.

What is genuinely new

The strongest messages are about trigger-based revaluations, evidence of functional independence, scrutiny of open-ended / semi-liquid private asset vehicles, and greater willingness to treat valuation errors as an investor-compensation issue rather than an internal process defect.

Who is most operationally prescriptive

CSSF and APRA stand out for control specificity. FCA is closely behind on supervisory expectations. IOSCO is the main standard-setter to watch in 2026 because its consultation is likely to shape the next global baseline.



How the U.S. fits

The SEC is the main outlier on formal rule status: the 2023 private fund adviser rule package has been vacated, but the Commission is still publicly signalling concern about valuation and fund governance as private markets migrate into more retail-facing structures.

This growing trend raises five important considerations for PE firms:

- Which products and structures now sit in the highest supervisory-risk bucket.
- Where existing valuation policies are likely to look too generic or too infrequent under current supervisory expectations.
- Whether conflicts around fees, subscriptions / redemptions, continuation vehicles, or internal price-setting need a fresh control response.
- How far to formalise ad hoc valuation triggers, stale-price controls and error-remediation pathways now, rather than wait for rule changes.
- How to frame a proactive, credible conversation with regulators about valuation governance without over-promising on immediacy or precision.

Comparative position at a glance

Authority	Requirements / Live documents	Priorities / Concerns	Enforcement / Supervisory signal	Implication for firms
IOSCO	Nov 2025 consultation updating IOSCO's 2007 hedge fund and 2013 CIS valuation principles.	Governance, conflicts, methodologies, third-party valuers, stale valuations, pricing errors, investor compensation and record-keeping all need a clearer global baseline.	Standard-setting rather than direct enforcement, but likely to influence national supervisors and inspection themes in 2026.	Stress-test current frameworks now against the consultation, especially where private assets sit in open-ended or semi-liquid funds.
FCA	UK AIFM valuation rules remain in force; FCA valuation review (Mar 2025); Future regulation of AIFMs call for input; 2026 Wholesale Buy Side priorities.	Private markets require clear valuation accountability, functional independence, documented conflicts, better transparency and defined ad hoc valuation triggers.	Supervisory follow-up with firms; valuation and conflicts are named priorities in private markets.	Prepare evidence on committee composition, trigger design, documented conflicts and investor reporting.
SEC	2023 private fund adviser rules vacated in June 2024; conforming amendments in late 2024; March 2026 roundtable keeps valuation live.	Even without an operative new rule package, valuation and governance are central as retail exposure to private assets accelerates.	Current signal is supervisory and policy-signalling rather than implementation of the vacated rules.	Do not assume the U.S. is relaxed: continuation deals, retail-facing wrappers and conflict-sensitive disclosures remain high-risk.

Executive Summary

ESMA	Binding baseline is AIFMD Article 19 plus Level 2 Regulation Articles 67-70; supervisory overlay is the 2022 valuation CSA final report (May 2023).	Less-liquid assets need sound policies, independent challenge, model validation, stressed-market operation and early error detection with investor remediation where appropriate.	ESMA expects NCAs to keep close attention on valuation issues and encourages enforcement where appropriate.	EU managers should expect inspections to test how policies operate in practice, not just whether a policy exists.
CSSF	CSSF feedback report on ESMA valuation CSA; Circular 24/856; 2024 macroprudential paper; 2026 investment-fund supervisory priorities.	Valuation remains a key supervisory priority; tolerance thresholds need documented analysis; semi-liquid and open-ended private asset funds are under increased scrutiny.	Bilateral corrective work, on-site controls, thematic reviews and implementation monitoring are already under way.	Luxembourg structures need evidence-rich controls around NAV errors, continuation funds, semi-liquid design and documented thresholds.
MAS	Most relevant public materials through Q1 2026 remain consultation-stage: the proposed Long-Term Investment Fund framework for retail access to private market funds.	Retail access to private assets should come only with calibrated governance, valuation, disclosure and liquidity safeguards.	Consultative rather than enforcement-led in the public materials reviewed; final framework not identified by the cut-off date.	Managers planning Singapore wealth or retail distribution should build the control architecture now rather than wait for final rules.
ASIC / APRA	APRA SPS 530 and SPG 530; APRA survey and thematic review; ASIC REP 814, REP 816, REP 820 and stop orders.	Australia links board-level valuation governance to fair value reporting, private credit disclosure, conflicts, independent valuations and member fairness.	APRA is requiring remediation where practices fall short; ASIC is using surveillance and stop-order tools.	Expect both prudential and conduct scrutiny: governance substance and outward-facing transparency must line up.

Where the Regulatory Messages Converge

Across jurisdictions, the debate has moved beyond model mechanics. Regulators increasingly frame valuation as a governance, conflict-management and investor-fairness question, especially where private assets are offered in open-ended, semi-liquid or retail-facing wrappers.

Theme	Strongest public signals	Practical implications
Governance and named accountability	IOSCO recommendations, FCA review, APRA SPS 530, CSSF on-site controls.	Firms need more than committee minutes. Regulators want identifiable owners, credible challenge, records of decisions and evidence that portfolio teams do not dominate price-setting.

Functional independence and conflicts	FCA is explicit; AIFMD Level 2 already requires independence; APRA highlights conflict management; ASIC private credit surveillance links valuation to related-party and governance risk.	Where valuations influence fees, subscriptions, redemptions, leverage, continuation transactions or inter-fund transfers, firms should assume conflicts need to be mapped and evidenced individually.
Frequency and ad hoc triggers	FCA review, IOSCO stale-valuation proposals, APRA thematic review, CSSF semi-liquid focus.	Quarterly routines are no longer enough by themselves. Firms should define when asset-specific or market-wide events force an interim valuation or a fresh challenge to the last price.
Methodologies, models and third-party valuers	AIFMD Level 2 Articles 67-70, IOSCO consultation, FCA review, APRA guidance.	Outsourcing to a third-party valuer does not outsource responsibility. Model assumptions, validation, back-testing and challenge need to be documented and repeatable.
Error detection, correction and compensation	CSSF Circular 24/856, IOSCO recommendation set, ESMA valuation CSA.	Firms need a real process for tolerance thresholds, escalation, investor compensation and remedial action. This is becoming a regular control, not a remote exception-handling topic.
Retailisation and liquidity mismatch	SEC roundtable, MAS LIF consultation, CSSF priorities, FCA private-markets work, ESMA / CSSF concerns on less-liquid assets.	The closer private assets get to regular dealing, broader distribution or retail/private-wealth access, the more valuation becomes a product-design issue as well as a control issue.

A credible valuation framework is expected to include: a named accountable executive; a committee with genuinely independent voting challenge; documented conflicts inventory; methodology papers by asset class; defined quantitative and qualitative revaluation triggers; evidence of model validation and back-testing; oversight of third-party valuers; clear investor-reporting protocols; and an error-remediation playbook that can move from detection to compensation without improvisation.

Regulatory Focuses and Priorities of Each Regime

1. IOSCO

Bottom line
IOSCO is not setting binding law, but it is reshaping the global benchmark. The 2025 consultation is the clearest international signal that supervisors expect tighter controls around stale values, pricing errors, documentation and oversight of less-liquid fund assets.

Requirements and live material

On 17 November 2025, IOSCO published its Consultation Report on Valuing Collective Investment Schemes. The consultation proposes a combined set of recommendations that would update and replace the 2007 Principles for the Valuation of Hedge Fund Portfolios and the 2013 Principles for the Valuation of Collective Investment Schemes.

The report was launched against a backdrop of greater fund exposure to less-liquid and illiquid assets, wider retail participation and more intense scrutiny of how fund prices are formed when markets are stressed or when assets are hard to observe directly.

- IOSCO proposed 13 recommendations covering valuation governance, policies and procedures, conflicts of interest, methodologies, third-party valuation providers, consistency, disclosure, pricing errors, record-keeping and timely valuation for open-ended funds.
- Recommendation 9 is especially important for private assets in open-ended funds: IOSCO expects valuations to be current on dealing days and explicitly adds qualitative and quantitative thresholds to guard against stale values.
- Recommendation 12 takes a firmer line on pricing errors: where material harm occurs, the expectation is prompt corrective action and full investor compensation.
- Recommendation 13 would add a standalone record-keeping expectation.

Supervisory significance

The message is that valuation needs to be robust enough to withstand not only audit and investor challenge, but also supervisory scrutiny of governance, stale-price risk and post-error remediation.

The proposals are likely to matter most where private assets are held in structures that produce a NAV for dealing, reporting, fee calculation or collateral purposes. They are less about prescribing one model and more about requiring a control system that can justify whatever model is chosen.

Implications

The IOSCO paper is a forward-looking gap analysis tool that firms can use to test whether their existing framework can evidence independence, challenge, stale-value thresholds and compensation logic.

Regulatory Focuses and Priorities of Each Regime

2. FCA (United Kingdom)

Bottom line
The UK message is no longer abstract. The FCA's 2026 priorities show that valuation and conflicts will stay under active supervisory attention.

Requirements and live material

The UK hard-law baseline comes largely from the AIFM framework carried into UK rules: full-scope UK AIFMs must have appropriate and consistent procedures for proper and independent valuation, written valuation policies and transparent methodologies. The FCA also continues to consider broader reform of the AIFM regime following DP23/2 and the 2025 Call for Input on the future regulation of alternative fund managers.

The key live supervisory document is the FCA's March 2025 multi-firm review - Private market valuation practices. It is not a rulebook rewrite, but in practice it reads like an inspection guide to what the FCA expects private-market managers to evidence.

- The FCA expects clear accountability for valuation decisions, robust oversight and detailed record-keeping of how valuation outcomes are reached.
- Independence is a core theme. Valuation functions and committees are to have the expertise and functional separation needed to challenge portfolio teams rather than simply ratify their proposals.
- Conflicts must be identified and documented specifically. The FCA flags valuation-related conflicts that arise when prices influence fees, subscriptions and redemptions, asset transfers, performance reporting or other commercial outcomes.
- The sharpest operational message is on ad hoc valuations. The FCA observed that many firms lacked defined quantitative or qualitative triggers and expects firms to formalise the events and thresholds that should trigger an out-of-cycle revaluation.

2026 supervisory signal

The FCA's March 2026 Wholesale Buy Side regulatory priorities report makes the direction of travel even clearer. It states that the regulator will reinforce consistent, high standards across private market investing, continue work on private asset valuation and conflicts, and expects firms to review and update governance and processes for valuations.

It links the 2025 review to an ongoing supervisory agenda rather than a one-off thematic exercise. It also connects valuation to the wider UK policy objective of supporting growth while expanding access to private market strategies more responsibly.

Implications

For UK firms, a defensible framework requires committee design that shows real independence, conflict mapping that is product- and process-specific, and documented ad hoc trigger logic rather than reliance on quarterly review.

3. SEC (United States)

Bottom line
The SEC is currently the main outlier on formal rule status: the headline 2023 private fund adviser reforms are not operative after the Fifth Circuit vacatur. But valuation is still very much a live SEC issue, especially as private assets migrate into more retail-facing vehicles.

Requirements and legal status

The SEC's August 2023 private fund adviser reforms would have materially changed the U.S. position for private fund advisers. The package included quarterly statements, annual audits, restrictions on certain activities, preferential-treatment rules and, importantly for valuation, a fairness or valuation opinion requirement for adviser-led secondaries.

That rule package was vacated by the U.S. Court of Appeals for the Fifth Circuit in National Association of Private Fund Managers v. SEC on 5 June 2024. The SEC subsequently issued a public announcement and technical conforming amendments in late 2024 to reflect that those new rules and amendments were no longer in effect.

- As a result, there is no operative new SEC private fund adviser valuation rule through Q1 2026 equivalent to the 2023 reforms.
- That does not mean valuation risk is off the table. Existing fiduciary, anti-fraud, disclosure, books-and-records and compliance obligations still apply, and they remain fully capable of reaching problematic valuation, fee-allocation or conflict scenarios.

Current supervisory message

In February 2026 the SEC announced, and in March 2026 held, a public roundtable on Private Markets Valuation As Retail Investor Access Accelerates. The roundtable agenda explicitly linked valuation to governance and to responsible retailisation, including discussion of the challenges created when historically private-market asset classes move into publicly offered vehicles or other broader-distribution structures.

That is an important signal. Even without an operative private fund rule package, the Commission is publicly framing valuation as a governance issue at the boundary between private markets and retail access.

Implications

The practical U.S. reading is that managers should prepare for scrutiny under existing anti-fraud and fiduciary standards, especially where valuations affect adviser-led transactions, fee outcomes, performance reporting or vehicles that widen retail exposure to private assets. In other words: fewer new prescriptive rules at present, but no meaningful reduction in valuation sensitivity.

Regulatory Focuses and Priorities of Each Regime

4. ESMA / EU baseline

Bottom line
The EU valuation framework is increasingly demanding national supervisors to apply model governance and independent valuation to less-liquid assets, stressed conditions and investor-remediation questions.

Requirements in force

For alternative investment funds, the primary legal baseline remains Article 19 of AIFMD and the AIFMD Level 2 Regulation. Together they require AIFMs to ensure appropriate and consistent valuation procedures, sound and documented policies, fair and transparent methodologies, functional independence where valuation is performed internally, due diligence on external valuers, consistent methodology application and periodic review of the valuation framework.

Articles 67 to 70 of the Level 2 Regulation are especially relevant. They require written policies and procedures, documentation of methodologies, model validation by suitably expert persons who are not involved in model building, consistent application over time, and at least annual review plus review before new strategies or asset types are introduced.

- The practical significance for private assets is that the EU already expects model governance, not just model existence.
- The requirement for independence applies whether valuation is done internally or with an external valuer; responsibility cannot simply be outsourced.

ESMA supervisory message

ESMA's 2022 Common Supervisory Action on valuation, finalised in May 2023, remains the clearest supervisory synthesis of what EU regulators found lacking in practice. ESMA identified room for improvement in four areas: valuation policies and procedures, valuation under stressed market conditions, independence of the valuation function and use of third-party valuers, and early detection mechanisms for valuation errors and compensation to investors.

The emphasis on less-liquid assets matters. ESMA specifically highlighted the risk that valuation issues in less-liquid portfolios can amplify structural liquidity mismatch in certain funds. It also encouraged national regulators to keep paying close attention to private equity, real estate and other hard-to-value exposures, and to use enforcement where appropriate.

Implications

Firms are expected to have operational evidence that their Article 19 and Level 2 obligations actually work under stress. For many managers, the weak points are revaluation triggers, model-validation records, oversight of external pricing inputs and the practical path from error detection to investor remediation.

5. CSSF (Luxembourg)

Bottom line
Luxembourg is where valuation oversight currently feels most operational and most immediate. CSSF is not only aligning with ESMA; it is also pushing firms to document thresholds, remediation logic and governance evidence in a way that leaves much less room for generic policy language.

Requirements and live material

CSSF's 2023 feedback report on the ESMA valuation CSA made clear that Luxembourg expected more than passive acknowledgement of the European findings. The CSSF said it was engaging bilaterally with sampled IFMs on corrective measures and asked all IFMs managing UCITS and/or AIFs to assess their valuation frameworks against the ESMA and CSSF observations and take corrective action where needed.

Circular CSSF 24/856, published in March 2024 and effective from 1 January 2025, sets out the investor-protection framework for NAV calculation errors, breaches of investment rules and other UCI-level errors. For valuation purposes, the crucial point is that tolerance thresholds must be based on specific documented analysis: firms may not simply default to a 5% tolerance threshold.

- Circular 24/856 also links threshold analysis to notification, correction, investor indemnification and remedial plans.
- For certain alternative and professional-investor structures, firms may have flexibility on the chosen threshold, but only if the analysis is duly documented and investors are informed where relevant.

Supervisory signal in 2026

CSSF's 2026 priorities for supervising the investment fund sector elevate valuation to a named supervisory priority. The regulator says it has intensified scrutiny because of successive crises, the wider economic and geopolitical environment, and the growth of AIFs investing in less-liquid and illiquid assets.

The 2026 priorities specifically mention on-site controls over IFM valuation organisation, thematic sample-based reviews of open-ended private assets funds including continuation funds, and monitoring of proper implementation of Circular 24/856. They also link valuation concerns to semi-liquid and open-ended private asset products, open-ended ELTIFs, liquidity mismatch and private debt exposure.

Macroprudential overlay and implications

The CSSF's 2024 macroprudential paper frames investment-fund vulnerabilities in system terms, including liquidity mismatch. Read together with the 2026 priorities, the Luxembourg message is that valuation risk in semi-liquid or open-ended private asset products is no longer just a conduct concern; it is also part of the financial-stability conversation.

Firms should expect evidence-heavy testing of threshold calibration, committee challenge, continuity between valuation and dealing terms, and the readiness of compensation and remediation processes if a pricing defect is found.

6. MAS (Singapore)

Bottom line

Singapore's current public position is best read as direction of travel rather than a final settled regime. The public materials identified through Q1 2026 point primarily to the proposed Long-Term Investment Fund framework for retail access to private market strategies.

Current public material

The most relevant public materials identified for Singapore are consultation-stage materials issued in March 2025 on a proposed regulatory framework to allow retail investors to access private market investment funds through Long-Term Investment Funds. The consultation appears to have closed in May 2025.

Those materials bring private-market valuation into a broader retail-access and product-design conversation. The proposal distinguishes between direct private-market funds and fund-of-funds structures, with corresponding requirements around manager capability, product safeguards, disclosure and liquidity design.

- The directional message is that broader access to private assets should come only with stronger governance and more explicit controls around how assets are valued and how liquidity is promised to investors.
- In the public materials reviewed, no final MAS framework or standalone MAS private-market valuation guideline was identified through to 31 March 2026.

Implications

The absence of a final public framework does not make the Singapore section unimportant. Quite the opposite: it shows that, as in other jurisdictions, the regulatory debate is now centred on how private-market strategies can be distributed more broadly without letting opaque pricing, long asset lives or illiquidity create unfair outcomes for retail investors.

Managers considering Singapore wealth or retail distribution should therefore treat valuation readiness as a pre-condition for product strategy. In practice that means institutional-grade governance, strong disclosure, clear dealing terms and a valuation process that can support those promises in stressed markets as well as calm ones.

7. Australia (ASIC and APRA)

Bottom line
Australia has a particularly useful two-regulator model. APRA addresses valuation primarily through prudential governance for superannuation trustees, while ASIC is using surveillance, disclosure and stop-order tools to raise standards in private credit and fair value reporting.

APRA - prudential valuation governance

APRA's Prudential Standard SPS 530 has been in force since 1 January 2023 and requires an RSE licensee to maintain an adequate valuation governance framework. The Board-approved valuation policy must cover responsibilities, reporting, valuation methodology, frequency, interim valuation circumstances and triggers, validation of outputs and escalation of disputed valuations.

APRA reinforced that message in its June 2024 self-assessment observations and in its December 2024 thematic review on governance of unlisted asset valuation and liquidity risk management in superannuation. The thematic review found that 12 of 23 in-scope RSE licensees required material improvement in either valuation governance or liquidity risk management or both.

- APRA highlighted weaknesses in board oversight and conflicts management, revaluation frequency, revaluation triggers, valuation control and fair value reporting.
- It also stated that better practice requires both quantitative and qualitative triggers for out-of-cycle valuations and that remediation plans would be required where deficiencies were identified.

ASIC - conduct, disclosure and surveillance

ASIC's focus is more conduct- and market-facing. Report 814 on private credit, released in September 2025, identifies valuation practices alongside fees, related-party governance and terminology / disclosure as areas needing uplift. ASIC's subsequent surveillance update links those findings to early retail and wholesale surveillance concerns and states that some poor practices may be inconsistent with law or guidance.

ASIC has also used stop-order powers in private credit distribution, with its La Trobe stop-order release stating that the surveillance work focused on transparency, governance, valuation practices, conflicts and fair treatment of investors. Report 816, also released in September 2025, found inconsistent approaches to fair-value hierarchy classification of unlisted investments in super-fund reporting, limited disclosure of valuation approach and insufficient audit evidence for some investment valuations.

Implications

The Australian lesson is that valuation is being scrutinized from both directions at once. Prudential supervisors want governance that protects member equity and supports fair pricing in superannuation; conduct regulators want clearer disclosure, stronger governance and less room for private-credit and unlisted-asset opacity. Firms therefore need both robust internal controls and outward-facing transparency that accurately describes how those controls operate.

Regulatory Focuses and Priorities of Each Regime

What firms should focus on now

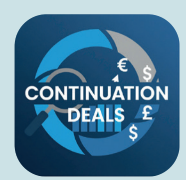
A useful way to prioritise is by product structure. The business models most exposed to current supervisory pressure are not always traditional 10-year closed-end private equity funds. The highest risk combinations are those in which valuation imperfection can change who pays or receives value on a live basis.

Structure / use case	Why it is under pressure	Immediate control response
Open-ended or semi-liquid private asset funds	Valuation directly affects subscriptions, redemptions, equal treatment and liquidity management.	Formalise stale-price and interim valuation triggers; ensure dealing terms, valuation frequency and data availability line up.
Continuation funds and adviser-led restructurings	Valuation outcomes can allocate value between existing and rolling investors and create acute conflicts.	Evidence independence, external challenge and decision-making records; review where independent opinions are needed even if not legally mandated everywhere.
Retail or private-wealth wrappers for private assets	Distribution widens the investor-protection lens and increases focus on disclosure, suitability and governance.	Upgrade plain-language disclosure, investor reporting and governance evidence before broadening access.
Superannuation / pension contexts	Stale or inconsistent values can shift value unfairly between member cohorts or dealing periods.	Tighten board reporting, fair-value hierarchy discipline, triggers and audit trail for out-of-cycle valuations.
Closed-end PE / VC / infrastructure funds	Still lower dealing-risk than open-ended products, but conflicts, fee impacts and performance reporting remain live.	Focus on committee independence, methodology papers, back-testing, third-party valuer oversight and escalation protocols.

Questions to regulators

Theme	Question
INDEPENDENCE	What evidence of functional independence does the authority find most persuasive where valuations are performed internally rather than by a fully external valuer?
AD-HOC TRIGGERS	How does the authority distinguish an acceptable quarterly cycle from circumstances that should force an interim revaluation?
SEMI-LIQUID PRODUCTS	For open-ended or semi-liquid private asset vehicles, which aspect causes the most concern today: valuation frequency, liquidity terms, investor disclosure or conflicts?

Regulatory Focuses and Priorities of Each Regime

	In continuation or restructuring transactions, what controls best demonstrate that investors who sell and investors who roll are being treated fairly?
	How should firms calibrate materiality thresholds, escalation and investor compensation mechanisms where valuation errors occur in hard-to-price assets?
	What level of challenge and oversight does the authority expect where external valuers or pricing advisers are used regularly?
	What additional valuation and disclosure safeguards should a firm expect before widening access to private assets for retail or wealth-management channels?

Appendix A. Public-sourced materials reviewed

This appendix lists the public materials we consulted. Official sources are prioritised. The EY Luxembourg publication is included because it is a useful implementation aid for Circular CSSF 24/856.

Authority	Document / public material	Date	Relevance
IOSCO	Consultation Report - Valuing Collective Investment Schemes (CIS)	17 Nov 2025	Proposed global benchmark update for CIS valuation, including stale values, pricing errors and record-keeping.
FCA	Private market valuation practices	5 Mar 2025	Most detailed current UK supervisory articulation of expected private-market valuation controls.
FCA	Call for Input - Future regulation of alternative fund managers	7 Apr 2025 / upd. 18 Feb 2026	Shows broader UK AIFM reform direction and the plan to consult on detailed rules in 2026.
FCA	Wholesale Buy Side Regulatory Priorities report	19 Mar 2026	Confirms valuation and conflicts remain active 2026 supervisory priorities in private markets.
SEC	Private Fund Advisers page and Announcement Regarding the Private Fund Advisers Rules	31 Oct 2024	Official confirmation that the 2023 private fund adviser rules were vacated and are not in effect.
SEC	Private Markets Roundtable / press release	26 Feb / 4 Mar 2026	Shows valuation and governance remain live policy issues as retail exposure to private markets grows.
ESMA / EU	AIFMD Article 19 and Delegated Regulation 231/2013 Articles 67-70	2011 / 2013	Binding EU valuation baseline: policies, methodologies, independence, model validation and periodic review.
ESMA	Final Report on the 2022 CSA on valuation	24 May 2023	Supervisory findings on less-liquid assets, stressed conditions, third-party valuers, errors and compensation.
CSSF	CSSF feedback report on ESMA Common Supervisory Action on valuation	18 Jul 2023	Luxembourg supervisory observations and expectation of corrective action.
CSSF	Circular CSSF 24/856	29 Mar 2024	Operational framework for NAV errors, thresholds, correction, compensation and remediation.
CSSF	Macroprudential Policy for Investment Funds: Considerations by the CSSF	10 Jun 2024	Places liquidity mismatch and related fund vulnerabilities into the macroprudential debate.
CSSF	The CSSF's 2026 priorities for supervising the investment fund sector	31 Mar 2026	Confirms valuation as a key priority and flags reviews of semi-liquid / open-ended private asset funds.
EY Luxembourg	CSSF Circular 24/856 - tolerance threshold analysis and corrective actions	2024	Useful implementation commentary on how Circular 24/856 is likely to work in practice.
MAS	Consultation-stage LIF framework materials and market summaries	27 Mar 2025 onward	Most relevant public materials identified for Singapore retail access to private market funds through Q1 2026.

Appendix A. Public-sourced materials reviewed

APRA	SPS 530 Investment Governance and SPG 530	1 Jan / 20 Jul 2023	Binding prudential valuation governance framework and supporting guidance for RSE licensees.
APRA	Observations from SPS 530 Valuation Governance Framework Self-Assessment Survey	19 Jun 2024	Highlights weaknesses in triggers, governance and oversight.
APRA	Governance of Unlisted Asset Valuation and Liquidity Risk Management in Superannuation	Dec 2024	Finds material improvement still required across valuation governance and liquidity risk frameworks.
ASIC	REP 814 Private credit in Australia	22 Sep 2025	Flags valuation practices, governance and disclosure as areas needing uplift.
ASIC	REP 816 Accounting for your super	30 Sep 2025	Finds inconsistent treatment and disclosure of unlisted investment valuations in super-fund reports.
ASIC	REP 820 Private credit surveillance report	5 Nov 2025	Surveillance follow-through showing better and poorer practices across retail and wholesale private credit funds.

Appendix B. Scope Limitations and Interpretive Cautions

This note is intended to support supervisory dialogue and internal prioritisation; it is not a formal legal opinion and should not be used as a substitute for jurisdiction-specific legal advice.

- No new standalone ESMA guideline on AIFMD valuation requirements was identified through Q1 2026. In practice, the current EU baseline remains AIFMD Article 19, the AIFMD Level 2 Regulation (especially Articles 67-70), and ESMA's 2022 valuation CSA final report.
- MAS: the Singapore section is intentionally directional. Public policy materials clearly point to a safeguarded framework for broader private-market access, but the public source detail reviewed here is less granular than the FCA, IOSCO or APRA materials.
- SEC: because the private fund adviser rules were vacated, the SEC section focuses on the legal position and the continuing supervisory relevance of valuation under examinations and existing authorities, rather than on implementing a rule package that is not currently in force.

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The EDHEC Infrastructure & Private Assets Research Institute was established in 2016 by EDHEC Business School. In 2019, this academic research was transformed into a commercial enterprise, Scientific Infra & Private Assets, providing services such as private market indices, benchmarks, valuation analytics, and climate risk metrics.

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