

Private equity and the Trump administration

Key financial regulatory actions that impact the private equity industry



SEC enforcement

Obama's administration emphasized regulatory initiatives that targeted PE funds; however, under Trump, Chairman Clayton has indicated that the SEC will focus more on protecting retail investors.

Trump criticized the PE industry on the campaign trail, but many of his high-level appointees have ties to private equity, including Clayton.



Antitrust rules

During his campaign, Trump favored a vigorous approach to antitrust enforcement, particularly surrounding the AT&T/Time Warner deal. Trump has also supported tougher scrutiny of foreign investment in the US.

However, Trump's antitrust leaders seek less government intervention, a more conventional GOP approach.



Financial CHOICE Act

The SEC scrutinized hundreds of PE firms beginning in 2012 after Dodd-Frank gave the commission broad authority to supervise the industry.

Trump's administration has endorsed sweeping financial deregulation, and in June, Congress passed the Financial CHOICE Act, which would exempt PE advisers from routine SEC oversight. The Act will move to the Senate, which may not take action until 2018.



The Trump administration's stance on carried interest still remains unclear

During the campaign, Trump targeted beneficiaries of the carried-interest tax, labeling some hedge fund managers as "paper pushers" who were "getting away with murder."

However, Treasury Secretary Steven Mnuchin suggested in late August that Trump may keep the carried interest tax rate for firms that create jobs, while closing the loophole for hedge fund managers.



"On private equity everything is on the table. I would not say that decision has been made."

— Tony Sayegh, Treasury Department spokesperson, in late August

Sources: US Department of the Treasury, "A financial system that creates economic opportunities," June 13, 2017; Jeremy Venook, "The House Takes Another Step Toward Repealing Dodd-Frank," The Atlantic, June 9, 2017; "Dave Michaels, "SEC Scrutiny of Private Equity May Dwindle, Official Says," July 27, 2017; Dechert LLP, "President Trump: The Outlook for Private Equity," 2017.