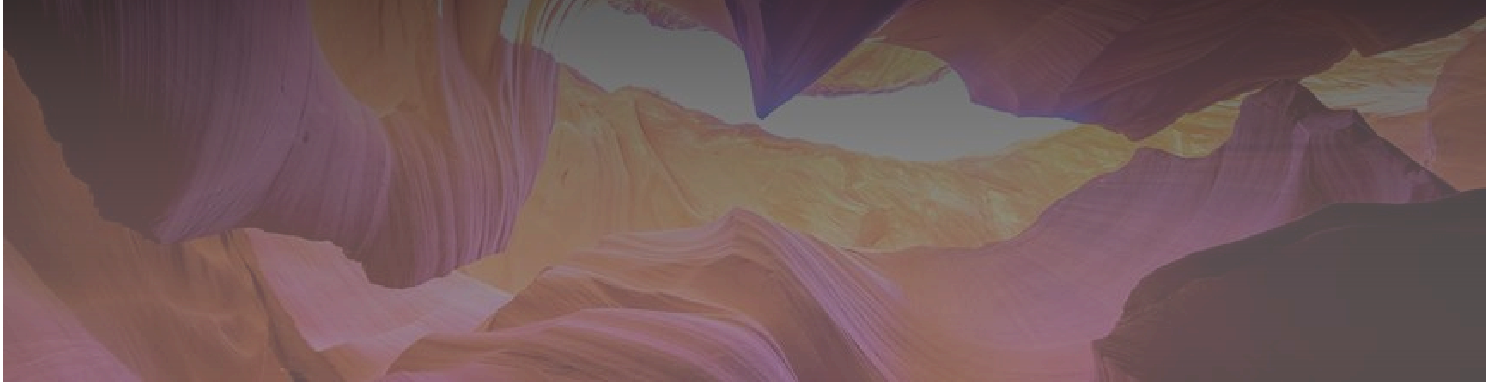
WINSTON & STRAWN LLP

CLIENT ALERT

Upcoming Registration and Reporting Deadlines for VC Funds with CA Nexus



FEBRUARY 19, 2026

Under California's Fair Investment Practices by Venture Capital Companies Law (the FIPVCC), venture capital funds with a nexus to California (Covered Entities) will be required to register with the California Department of Financial Protection & Innovation (the DFPI) starting in March 2026 and report demographic information about their portfolio companies to the DFPI starting in April 2026. The purpose of the FIPVCC is to increase transparency regarding the demographics of the founding teams of the portfolio companies in which Covered Entities invest.

Although the FIPVCC was enacted in 2023 and amended in 2024, the registration and reporting obligations could not be completed because the DFPI had not made the registration portal available or issued the template survey and reporting forms. However, the template survey and reporting forms are now available, and the registration portal is expected to be available before March 1, 2026. Accordingly, private fund managers should start determining whether their funds are subject to the FIPVCC and gathering the information necessary to complete the required reports, as the initial deadlines are quickly approaching.

BACKGROUND

The FIPVCC requires Covered Entities to register with the DFPI and to survey and report to the DFPI certain demographic information about their portfolio companies starting in 2026 and annually thereafter.

Specifically, the FIPVCC applies to any "venture capital company" that:

- primarily engages in the business of investing in, or providing financing to, start-up, early-stage or emerging growth companies, *and*
- satisfies any of the following (i.e., has a California nexus):

  i. is headquartered in California,

  ii. has a significant presence or operational office in California,

  iii. makes venture capital investments in businesses located in, or with significant operations in, California, or

  iv. solicits or receives investments from a person who is a resident of California.

Under the FIPVCC, a “venture capital company” means any entity that:

- on at least one occasion during the annual period commencing with the date of its initial capitalization, and on at least one occasion during each annual period thereafter, at least 50% of its assets (other than short-term investments pending long-term commitment or distribution to investors), valued at cost, are “venture capital investments”[1] or “derivative investments”;[2] or
- is a “venture capital fund,” as defined in rule 203(l)-1 adopted by the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended; or
- is a “venture capital operating company,” as defined in rule 2510.3-101(d) adopted by the U.S. Department of Labor under the Employee Retirement Income Security Act of 1974, as amended.

Note: Many venture capital funds with no operations or investments in California may be deemed to be Covered Entities given how broadly the California nexus portion of the FIPVCC is written (e.g., soliciting investors in California could create a California nexus).

2026 UPDATES

In January, the DFPI launched its Venture Capital Companies (VCC) Reporting Program webpage, which contains helpful information about the registration and reporting requirements. The webpage can be found here.

In February, the DFPI added to its webpage the template survey form, which can be found here and the template reporting form, which can be found here.

UPCOMING DEADLINES

- *Registration Deadline*. Covered Entities must register with the DFPI by **March 1, 2026**.
- *Initial Reporting Deadline*. Covered Entities must submit their initial reports by **April 1, 2026**.

Please note that the VCC Registration Portal on the DFPI webpage is not available yet and the DFPI is still developing its reporting process. We will update this Client Alert once the VCC Registration Portal is available and/or when there is more information regarding the DFPI’s reporting process.

CONCLUSION

Now that the template survey and reporting forms are available on the DFPI’s webpage, private fund managers should promptly determine whether their private funds (e.g., venture capital funds, special purpose vehicles, etc.) are Covered Entities and, if so, start preparing to satisfy their registration and reporting requirements in order to ensure compliance with the deadlines noted above.

For more information or assistance, please contact us.

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[1] “Venture capital investment” means an acquisition of securities in an operating company as to which the fund manager, the entity advised by the fund manager, or an affiliated person of either has or obtains “management rights.” “Management rights” means the right, obtained contractually or through ownership of securities, either through one person alone or in conjunction with one or more persons acting together or through an affiliated person, to substantially participate in, to substantially influence the conduct of, or to provide (or to offer to provide) significant guidance and counsel concerning, the management, operations or business objectives of the operating company in which the venture capital investment is made.

[2] “Derivative investment” means an acquisition of securities by a venture capital company in the ordinary course of its business in exchange for an existing venture capital investment either (i) upon the exercise or conversion of the existing venture capital investment or (ii) in connection with a public offering of securities or the merger or reorganization of the operating company to which the existing venture capital investment relates.

4 Min Read

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