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March 12, 2026

VIA EMAIL

To Our Investment Adviser Clients and Other Friends:

Re: California Diversity Reporting - Update on Reporting Portal Status

Initial reporting is due April 1, 2026, for certain funds with venture capital investments with a California nexus under the California Fair Investment Practices by Venture Capital Companies Law (the "**VCC Law**"). The VCC Law requires "venture capital companies" to seek certain diversity demographic information regarding their recent portfolio company investments and report it to the California Department of Financial Protection and Innovation (the "**DFPI**"). As described in our prior Client Alert regarding the VCC Law, covered venture capital companies may include hybrid funds, special purpose vehicles, co-investment vehicles and venture funds that have a California nexus, even if the adviser or other manager (such as a family office) to that fund is not California-based.

Each venture capital company that is covered by the new VCC Law (a "**VCC**") is required to (1) register on the DFPI online portal, (2) distribute the DFPI's Venture Capital Demographic Data Survey to portfolio companies that VCC invested in during the prior calendar year and (3) submit an anonymized Venture Capital Demographic Data Report to DFPI with respect to those investments.

The DFPI has opened the online VCC Reporting Portal and published a VCC Reporting User Guide on how to navigate the portal. Registration through the VCC Reporting Portal should be completed with respect to each individual VCC fund, as advisers to multiple VCCs are unable to register for multiple VCCs at once and cannot file a single, consolidated report for multiple VCCs.

In response to recent queries, the DFPI has noted that the VCC Law requires each VCC to register using the portal, but only those VCCs that made an investment during the last calendar year are required to upload a Venture Capital Demographic Data Report and pay the applicable filing fee. There has been little guidance published by the DFPI with respect to these new requirements, and it is possible that further guidance may clarify or modify registration or reporting requirements. The VCC Law may also face legal challenges. The law's broad reach, including its application to out-of-state firms with minimal California nexus, raises questions about enforceability.

It is currently expected that the DFPI will notify VCCs that fail to meet the April 1, 2026, deadline. After receiving notice from the DFPI, those non-reporting VCCs will have 60 days to cure their failure to file without penalty, after which the DFPI may pursue remedies, including penalties of a daily fine of up of $5,000 (with higher penalties possible for reckless violations).

Please contact one of the Shartsis Friese attorneys in the Investment Funds & Advisers Group if you have any questions regarding whether you have registration and reporting obligations under the VCC Law.

Previous alerts to our investment advisory clients and friends and publications on other topics relevant to private fund managers, investment advisers and private investment funds can be found at our News & Insights page.

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