

# Publications

February 27, 2026 • Updates

## Navigating California's New Venture Capital Reporting Framework Beginning March 1, 2026

**Update:** The California Department of Financial Protection and Innovation (DFPI) has announced a suspension of the requirement for covered entities to submit registrations or file reports under the Fair Investment Practices by Venture Capital Companies Law (FIPVCC). Venture capital companies are no longer required to make filings by the April 1, 2026, deadline. Instead, DFPI announced that it will initiate a formal rulemaking process surrounding the law. Before formally drafting rules, DFPI intends to seek input from venture capital companies, industry associations, founders, investors and other stakeholders. Once the formal rulemaking process starts, it must be completed within a year. At a minimum, this means the registration and filing process is being postponed by at least a few months (and more likely over a year). Once rulemaking has been completed, it is quite possible that the contours of the law will have changed and that a number of ambiguities in the law will have been resolved.

### Key Takeaways

- California's venture capital reporting law is in effect, requiring "covered entities" (as discussed below) to register with the California Department of Financial Protection and Innovation (DFPI) by March 1, 2026, and to begin annual demographic and investment reporting by April 1, 2026.
- The statute applies broadly on an entity-by-entity basis and captures many funds, SPVs and family offices — including those with no physical presence in California.
- Sponsors should assess each investment vehicle now, confirm whether it qualifies as a "covered entity" and build compliant registration, survey and reporting workflows before the April 1, 2026, deadline.

On February 24, 2026, the California Department of Financial Protection and Innovation (DFPI) released an online Venture Capital Company (VCC) Reporting Portal for reporting under California's new Fair Investment Practices by Venture Capital Companies Law (the FIPVCC Law, Cal. Corp. Code § 27500).

This law requires certain "covered entities" (including venture capital funds and other investment vehicles, as discussed below) that have a "California nexus" to (i) register with the DFPI and (ii) survey and annually report certain demographic information of the

### Related People

- Bert Stemmler
- Daniel L. McAvoy

### Related Capabilities

- Investment Management & Funds
- FinTech & Blockchain Technology
- Venture Capital & Emerging Growth Companies

founders of portfolio companies in which they invest and portfolio company investment information.

DFPI also released an external user guide describing how to create an account, register a “covered entity” and submit demographic data reports through the Portal. DFPI must make submitted reports readily accessible on its website.

## Registration and Reporting Deadlines

- March 1, 2026: Covered entities must register with DFPI.
- April 1, 2026, and annually thereafter: Covered entities must submit an annual report covering venture capital investments made in the prior calendar year (*i.e., the initial report due by April 1, 2026, is based on its 2025 investment activity*).

## Who Needs to Report

The reporting obligation applies to any “covered entity,” which is defined as a “venture capital company” (VCC) that has one or more California nexus.

As illustrated below, this will likely apply to many venture capital funds, private equity funds co-investment vehicles, family offices, venture studios and incubators. Many companies without management rights, such as single-investment venture SPVs, likely qualify as well. Unlike the venture capital fund adviser exemption under the Investment Advisers Act, this applies to the actual investing entity, and other exemptions are unlikely to apply.

### Definition of VCCs

VCCs include any (i) company that at any time during any annual period, and on at least one occasion during each annual period thereafter, has at least 50% of its assets (other than short term investments and pending commitments or distributions) in venture capital investments (generally including securities in an operating company that includes management rights) or related derivatives; (ii) “venture capital operating company” under ERISA; or (iii) “venture capital fund” for purposes of the Investment Advisers Act of 1940, as amended.

### Definition of California Nexus

Entities are considered to have one or more California nexus if they: (i) are headquartered in California; (ii) have a significant presence or operational office in California; (iii) make venture capital investments in businesses located in or with significant operations in California; or (iv) solicit or receive investments from a person who is a resident of California. Notably, the California nexus would apply even absent any location in California or even the United States. Even a single California investor may satisfy the nexus requirement.

## What Needs to be Reported

Each covered entity must provide (i) certain information when registering with DFPI; (ii) an opportunity for each founding team member of its portfolio company investments of the prior year to participate in an annual survey; and (iii) information about its funding determinations in an annual report, which must be uploaded as a PDF to the Portal. Each entity must also pay a \$175 filing fee by credit card.

Details on the reporting requirements are listed below.

### *DFPI Registration Information*

Each covered entity must register with DFPI no later than March 1, 2026, by submitting:

- The name of the covered entity;
- A designated point of contact (name, title, email); and
- The covered entity's email, telephone number, physical address and website.

The covered entity must update this information by submitting changes when filing its annual report.

The Portal supports account setup, VCC registration and management of a designated point of contact per registered VCC (with an optional delegated user). When a user registers a VCC, that user is automatically designated as the designated point of contact for that VCC. The registration workflow also expects a valid website for the VCC. If a VCC does not have a website, users must contact DFPI to complete registration.

### *Annual Founding Team Survey*

A covered entity must provide each "founding team member" of its portfolio company investments of the prior year an opportunity to participate in a survey on DFPI's form on an annual basis. The survey must be provided *after* the covered entity has executed the investment agreement and made the first transfer of funds.

The covered entity must provide a written disclosure to the portfolio company founders. The written disclosure makes clear that *participation of portfolio companies is voluntary, no adverse action will be taken for declining to participate and only aggregated demographic data will be reported.*

A covered entity may not encourage, incentivize, or influence participation. The covered entity must collect and report survey response data in a manner that does not associate responses with individual founding team members.

Covered entities are required to send the survey to portfolio companies, but portfolio companies are not required to complete it. Covered entities must report this information for all portfolio companies in which they made an investment in the last year, even if the portfolio companies have no California nexus.

### *Annual Report*

By April 1, 2026, (and annually thereafter), a covered entity must report information about its funding determinations. Report requirements include:

#### A. Aggregated founder demographic information

At an aggregated level, for founding teams of all businesses in which the covered entity made a venture capital investment in the prior year (to the extent information is provided via surveys), the covered entity must report as to founding team members of each portfolio company:

- Gender identity (including nonbinary and gender-fluid identities)
- Race
- Ethnicity
- Disability status
- LGBTQ+ identification

- Veteran/disabled veteran status
- California residency
- Whether a founding team member declined to provide any of the above

B. Investment metrics for “businesses primarily founded by diverse founding team members”

The report must include:

- The number of venture capital investments to such businesses (as a percentage of total VC investments), in the aggregate and broken down by category; and
- The total amount of venture capital investments to such businesses (as a percentage of VC investments), in the aggregate and broken down by category.

C. Portfolio company investment and location information (company-by-company)

The report must also include:

- The total amount of money invested in each business during the prior calendar year; and
- The principal place of business of each company in which the covered entity made a venture capital investment during the prior calendar year.

## What Sponsors Need to Know and Do Now

Non-U.S. sponsors should not assume they are out of scope. Investing in California companies (or companies with significant California operations) and/or having California-resident investors can be enough to trigger coverage. Even entities that are exempt from SEC reporting requirements, such as single-family offices, may still be subject to the law.

Because the VCC determination is on an entity-by-entity basis, managers that don’t operate a venture capital strategy may qualify if they manage a single qualifying investment vehicle. Similarly, it also means that a manager might have some funds that are subject to the law’s requirements and other funds that are not. All sponsors should make sure to use the DFPI standardized survey, not an “equivalent” substitute, as the statute is explicit on this requirement.

Sponsors should take the following steps now to prepare for compliance:

1. **Build a post-funding workflow.** Survey timing is expressly restricted to after signing and initial funding.
2. **Plan for public disclosure.** DFPI must publish the reports on its website in an accessible, searchable format.
3. **Set up Portal access and internal roles.** The Portal contemplates a single designated point of contact per VCC and an optional delegated user, with processes for registration and report submission.

For more information, please contact Bert Stemmler, Dan McAvoy or your regular Polsinelli attorney. This alert is provided for general informational purposes only and does not constitute legal advice.