

PUBLICATION

California DFPI Suspends Implementation and Enforcement of the Fair Investment Practices by Venture Capital Companies Law Pending Rulemaking

Authors: Christopher A. Sloan, Robert H. Laird, Jr., Emily Tumbrink Strack, Omkar A. Mahajan
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In a significant development, on March 17, 2026, the California Department of Financial Protection and Innovation (DFPI) announced that it is temporarily suspending implementation and enforcement of the California Fair Investment Practices by Venture Capital Companies Law (FIPVCC) pending completion of a formal rulemaking process and the adoption of final regulations. As a result, covered entities are not required to submit registrations or file reports by the previously announced April 1, 2026, deadline. For more background on the FIPVCC's new registration and reporting obligations for venture capital companies with a California nexus, please refer to our March 13, 2026, client alert.

The DFPI's Suspension Announcement

On March 17, 2026, the DFPI announced that it intends to initiate a rulemaking process in response to comments and feedback received from venture capital companies, industry associations, and other stakeholders affected by the law. Industry participants raised a number of practical questions about how the registration and reporting regime would operate in practice, including concerns about the collection and submission of sensitive demographic information while navigating complex employment and data protection requirements.

Pending completion of the rulemaking process and adoption of final regulations, the DFPI has confirmed the following:

- Implementation and enforcement of the FIPVCC are suspended.
- Covered entities are not required to submit registrations or file annual reports during the suspension period.
- The DFPI will not enforce the FIPVCC's reporting, recordkeeping, or related obligations prior to completion of the rulemaking process.
- No new reporting deadline has been announced.

Rulemaking Process and Expected Timeline

The DFPI has stated that it expects to begin formal rulemaking later this year, with the goal of promoting clarity, collaboration, and transparency in the administration of the FIPVCC. Before commencing formal rulemaking, the DFPI intends to conduct informal stakeholder outreach and solicit input from venture capital companies, industry associations, founders, investors, and other affected parties. The DFPI will notify its subscribers and covered entities that have already registered under the FIPVCC when formal rulemaking begins. Once initiated, formal rulemaking must be completed within one year under California administrative law requirements.

Key Takeaways for Venture Capital Companies

No immediate compliance action required. Covered entities are not required to register with the DFPI or submit annual reports by April 1, 2026. No further action is required by covered entities at this time with respect to the FIPVCC's registration and reporting obligations.

The FIPVCC remains in effect. While enforcement is suspended, the FIPVCC statute itself has not been repealed and remains on the books. Covered entities should anticipate that compliance obligations will be reinstated once the rulemaking process is completed and final regulations are adopted.

The scope of future requirements may evolve. Because the DFPI is undertaking a formal rulemaking process, the scope and mechanics of the FIPVCC's reporting framework may be refined or modified through the resulting regulations.

Consider maintaining internal readiness. Although there is no current deadline, covered entities should consider continuing internal readiness efforts, particularly with respect to tracking investments and identifying founding team members, to avoid future compliance challenges once implementation resumes.

Consider participating in the rulemaking process. The pre-rulemaking comment period represents a meaningful opportunity for venture capital companies and other stakeholders to shape the final regulations. Affected parties may wish to engage with the DFPI's informal outreach efforts before formal rulemaking begins.

Stay informed of updates. The DFPI will provide further notice regarding specific timelines and opportunities to submit comments. Affected parties should continue to monitor DFPI communications. To subscribe to updates directly from the DFPI, visit the DFPI's VCC Reporting Program [webpage](#), click the "Subscribe" button, and choose "Venture Capital Companies" on the next page.

We will continue to monitor developments with respect to the FIPVCC, including the DFPI's rulemaking process and any updated compliance deadlines, and will provide updates as they become available. For any questions, please reach out to [Chris Sloan](#), [Robert H. Laird Jr.](#), [Emily Strack](#), or [Omkar Mahajan](#).