Cooley

DFPI Suspends Implementation, Enforcement of California's VC Companies Diversity Reporting Program, Pending Rulemaking

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In a significant development for the venture capital community, the California Department of Financial Protection and Innovation (DFPI) announced on March 17, 2026, that it is suspending implementation and enforcement of the state's Fair Investment Practices by Venture Capital Companies Law (FIPVCC), commonly referred to as Senate Bill 54, as amended by SB 164. The law requires certain venture capital companies (including venture capital funds) with a California nexus to register with the DFPI and to collect and annually report anonymized, aggregated demographic data about the founding team members of businesses they invest in. **Covered entities will no longer be required to submit registrations or file reports by the original April 1, 2026, deadline.**

Instead, the agency announced that it plans to initiate formal rulemaking to draft regulations for the law "with the goal of promoting clarity, collaboration, and transparency." The agency will seek stakeholder input, including from venture capital companies, industry associations, founders, investors and other relevant parties before beginning such formal rulemaking, that must be completed within one year of initiation. The DFPI stated that its approach aims to "ensure that the regulations adopted are clear, practical, and effective in achieving the objectives of the law." The DFPI has committed to notifying registrants and subscribers when formal rulemaking commences.

The DFPI's announcement provides practical relief to the many venture capital firms and fund managers that were grappling with interpretive uncertainty in advance of the April 1, 2026, deadline. Earlier this month, Cooley submitted a letter to the DFPI requesting clarification on some of these open questions and ambiguities. The DFPI's approach to rulemaking, along with Cooley's direct discussions with DFPI representatives, signal that the DFPI will be responsive to practical concerns raised by the industry.

Next steps

While the suspension provides near-term relief, covered entities should remain attentive to further developments, including communications from the DFPI regarding timing and opportunities to participate in the rulemaking process. The DFPI's announcement will provide a meaningful opportunity for venture capital firms, fund managers and other affected parties to provide input that may shape the final regulations.

We will continue to track and report on developments as they occur and are available to assist clients in assessing their obligations under the FIPVCC.

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