Cooley

Cooley Submits Comments on DFPI's Proposed Rulemaking Under California's VC Diversity Reporting Law

July 23, 2026

Cooley recently submitted a formal comment letter to the California Department of Financial Protection and Innovation (DFPI), in response to the agency's invitation for comments on proposed rulemaking under the Fair Investment Practices by Venture Capital Companies Law (FIPVCC).

The letter urges the DFPI to use the rulemaking process to resolve critical ambiguities in the FIPVCC and establish a workable compliance framework for the venture capital industry. Key recommendations include narrowing the "covered entity" definition with clear nexus standards, permitting consolidated reporting by controlling entities to reduce duplicative obligations, limiting the scope of reportable investments, excluding foreign investments from surveying and reporting obligations, allowing use of third-party platforms and substantively equivalent survey and reporting forms, and strengthening confidentiality and anonymization protections for firms and founders. These comments build on a March 2026 letter in which Cooley separately requested regulatory guidance on consolidated reporting, registration obligations and the scope of the survey distribution requirement.

Cooley also recommended that the DFPI maintain its current suspension of implementation and enforcement until the pending constitutional challenge filed in the US District Court for the Eastern District of California (*1517 Management Company, LLC, et al. v. Mohseni*, No. 2:26-cv-01957) is resolved. Following Cooley's submission, the parties filed (and the court granted) a joint stipulation to extend the response deadline to July 31, 2026, to allow time for an anticipated joint motion to stay all deadlines and proceedings in the litigation, pending the DFPI's issuance of final rules.

Cooley will continue to monitor the rulemaking, engage with the DFPI on behalf of our clients and assist clients in assessing their obligations under the FIPVCC.

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