

Insights

CALIFORNIA'S VC DIVERSITY REPORT CARD COMES DUE

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In 2024, as we previously reported, California Governor Newsom enacted Senate Bill 164, “Fair Investment Practices by Venture Capital Companies” (the “FIPVCC”). This law, which repealed and replaced similar legislation enacted in 2023, requires a “venture capital company” that meets certain criteria to collect and report demographic information about the founding team members of each of the businesses in which they invest.

Commencing on March 1, 2026, any venture capital company with a business nexus to California and that meets certain criteria (each, a “Covered Entity”) must register with the Department of Financial Protection and Innovation (“DFPI”), survey each founding team member of each business the Covered Entity invested in during the prior year, and submit the aggregated and anonymized survey data in a report to DFPI.

We've written recently on the FIPVCC and its [reporting rules](#) and [rules on private sponsors](#).

IMPORTANT DATES AND DEADLINES

- **March 1, 2026: Registration opens.** Covered Entities must register with the DFPI. The DFPI website indicates that the registration portal is not yet available but is coming soon.
- **April 1, 2026: Submit reports.** Covered Entities must submit a report to the DFPI with the statutorily required demographic information for investments made in the 2025 calendar year.
- Each Covered Entity is required to conduct the survey and submit a report to the DFPI on an annual basis for investments made in the prior calendar year.

Links to the survey and report are available on the DFPI website under the VCC Reporting Program. The registration portal is not yet available but is coming soon. Companies can subscribe on the [DFPI website](#) to receive email updates.

WHO IS REQUIRED TO REGISTER?

Any entity that meets the criteria in Steps 1 and 2 below is required to register and submit a report with the DFPI. A [step-by-step guide](#) to determine whether an entity is a “Covered Entity” is available

on the DFPI website.

Step 1: Is the entity a “venture capital company” as defined by the FIPVCC?

“Venture capital company” includes any entity that meets *one or more* of the following criteria:

1. On at least one occasion per annual period commencing with the date of its initial capitalization, at least 50% of the entity’s assets are venture capital investments;
2. The entity is a “venture capital fund” as defined in the Investment Advisers Act of 1940; or
3. The entity is a “venture capital operating company” as defined by ERISA.

Step 2: Is the entity a “Covered Entity” as defined by the FIPVCC?

Any venture capital company that meets *both* of the following criteria is considered a “Covered Entity”:

1. Primarily engages in the business of investing in, or providing financing to, startup, early-stage, or emerging growth companies; and
2. Meets one or more of the following criteria:
 1. Headquartered in California;
 2. Has a significant presence or operational office in California;
 3. Makes venture capital investments in businesses that are located in, or have significant operations in, California; or
 4. Solicits or receives investments from a person who is a resident of California.

HOW IS THE DEMOGRAPHIC INFORMATION COLLECTED?

Each Covered Entity must circulate the standardized Venture Capital Demographic Data Survey (which is available [here](#) on the DFPI website) to each founding team member. However, any founder may opt out of participating or decline to respond to any question on the survey.

“Founding team member” includes any person who either (1) is the CEO or president or (2) owned initial ownership interests of the business, contributed to the development of the business before initial ownership interests were issued, and is not a passive investor of the business.

The survey response data must be collected in a manner that ensures anonymity of the founders.

WHAT INFORMATION SHOULD BE REPORTED?

On or before April 1, 2026, and annually thereafter, each Covered Entity must submit a Venture Capital Demographic Data Report with the anonymized, aggregated demographic data collected via survey. The [form of the report](#) is available on the DFPI website. The DFPI will make the reports publicly available on its website. Each Covered Entity must preserve all records related to each report delivered to the DFPI for at least five years after delivery of such report.

PENALTIES FOR NON-COMPLIANCE

The FIPVCC requires each Covered Entity to file its report by April 1 of each year. Any Covered Entity that fails to file a report prior to such deadline will be notified by the DFPI and given a 60-day period to submit the report without penalty. For failures to submit a report after expiration of the 60-day grace period, the FIPVCC permits the DFPI to impose a penalty up to \$5,000 per day, with the possibility for even greater penalties for reckless or knowing violations.

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MEET THE TEAM



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