UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6628 / June 14, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21965

In the Matter of

TWENTY ACRE CAPITAL LP,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 203(e) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Twenty Acre Capital LP ("Twenty Acre" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. This matter involves misleading, and not fair and balanced, performance advertising by Twenty Acre, a registered investment adviser based in Pennsylvania. From at least November 2021 through February 2023, when advertising to prospective investors the performance of a private fund that it advised, Twenty Acre presented performance returns that were experienced by a single investor. These returns did not constitute fund performance, and Twenty Acre's advertisements did not disclose that this investor's performance, at times, differed substantially from, and was significantly higher than, the overall performance of the fund and the returns achieved by other investors in the fund due to investment restrictions. As a result, Twenty Acre violated Section 206(4) of the Advisers Act and Rules 206(4)-1 and 206(4)-8 thereunder.

Respondent

2. **Twenty Acre Capital LP ("Twenty Acre")**, a Delaware limited partnership with its principal place of business in Newtown, Pennsylvania, has been registered with the Commission as an investment adviser since August 2021. In its Form ADV Part 1A filed on March 28, 2024, Twenty Acre reported that it had approximately $180.7 million in regulatory assets under management. During all times relevant herein, Twenty Acre provided investment advisory services to Twenty Acre Global Master Fund LP.

Other Relevant Entity

3. Twenty Acre Global Master Fund LP (the "Fund") is a private fund organized under the laws of the Cayman Islands. The Fund is a pooled investment vehicle as defined in Rule 206(4)-8(b) under the Advisers Act and a private fund as defined in Section 202(a)(29) of the Advisers Act.

Facts

4. On December 22, 2020, the Commission adopted significant amendments to Advisers Act Rule 206(4)-1, which governs marketing by Commission-registered investment advisers (the "Marketing Rule"). *See Investment Adviser Marketing*, Release No. IA-5653 (Dec. 22, 2020) (effective May 4, 2021). The Commission set a deadline of November 4, 2022, eighteen months after the amendments' effective date of May 4, 2021, for registered investment advisers to come into compliance with the Marketing Rule. *See id*. at 252.

5. Under the Marketing Rule, an advertisement disseminated directly or indirectly by a registered investment adviser may not "(1) Include any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading; … [or] (6) Include or exclude performance results, or present performance time periods, in a manner that is not fair and balanced." *See* Advisers Act Rule 206(4)-1(a).

6. The Marketing Rule defines an "advertisement," in pertinent part, to include "[a]ny direct or indirect communication an investment adviser makes to more than one person … that offers the investment adviser's investment advisory services with regard to securities to

prospective clients or investors in a private fund advised by the investment adviser." Advisers Act Rule 206(4)-1(e)(1).

7. Twenty Acre launched the Fund in November 2019, pursuing a strategy focused on the technology sector. The Fund is a hedge fund that invests predominantly in publicly traded equities. The Fund's investors include a variety of entities and individuals, several of whom are or were restricted from purchasing securities in initial public offerings by rules of the Financial Industry Regulatory Authority ("FINRA").

8. From at least November 2021 through February 2023, Twenty Acre disseminated advertisements to prospective investors in the Fund in the form of pitch decks and fact sheets. Twenty Acre provided these materials directly to prospective investors as attachments to email communications and routinely uploaded the materials to third-party databases that prospective investors were able to access.

9. When advertising the Fund's performance in these materials, Twenty Acre presented performance returns that were experienced by a single limited partner that had invested in the Fund at inception and was eligible for all Fund investments. This investor's performance was presented to prospective investors as the Fund's performance. The investor's performance, at times, differed substantially from, and was significantly higher than, the Fund's performance, because certain successful IPO investments the Fund had made were credited to the investor's capital account in greater proportion than other investors' capital accounts. These other investors in the Fund, due to investment restrictions under FINRA Rules 5130 and 5131, were unable to participate fully in the IPO investments.

10. At times, the investor's performance was substantially higher than the Fund's performance, a fact that Twenty Acre's advertisements did not disclose to prospective investors. By way of example, beginning in January 2022, Twenty Acre presented as the Fund's returns the positive 44.8% net performance that the single investor achieved in 2021, whereas the undisclosed net performance of the Fund was negative 5.7% in 2021. In addition, on the first substantive page of the pitch decks, Twenty Acre presented performance results, such as the positive 44.8% return for 2021, under the heading "FUND OVERVIEW," without an accompanying qualification or disclaimer on that page suggesting such results were anything other than performance results of the Fund.

11. After being contacted by the Commission staff, Twenty Acre revised its marketing policies and procedures as well as its marketing materials, including the pitch decks and fact sheets.

Violations

12. As a result of the conduct described above, Twenty Acre willfully[2] violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which make it unlawful for any investment adviser to a pooled investment vehicle to "make any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or [o]therwise engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle." A showing of negligence is sufficient to establish a violation of Section 206(4) of the Advisers Act or Rule 206(4)-8 thereunder; proof of scienter is not required. *SEC v. Steadman*, 967 F.2d 636, 647 (D.C. Cir. 1992).

13. As a result of the conduct described above, Twenty Acre willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-1 thereunder, which prohibit the dissemination of any advertisement that violates any of paragraphs (a) through (d) of Rule 206(4)-1. Twenty Acre failed to comply with paragraph (a) of Rule 206(4)-1, which provides, among other things, that an advertisement may not "(1) Include any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading; … [or] (6) Include or exclude performance results, or present performance time periods, in a manner that is not fair and balanced."

Twenty Acre's Remedial Efforts

14. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Twenty Acre's Offer.

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[2] "Willfully," for purposes of imposing relief under Section 203(e) of the Advisers Act, "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rules 206(4)-1 and 206(4)-8 thereunder.

B. Respondent is censured.

C. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $100,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Twenty Acre as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Brendan P. McGlynn, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the

Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary