



## 17 CFR Chapter I

RIN 3038-AF31

### SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 275 and 279

[Release No. IA-6546; File No. S7-22-22]

RIN 3235-AN13

#### Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers

**AGENCIES:** Commodity Futures Trading Commission and Securities and Exchange Commission.

**ACTION:** Joint final rule.

**SUMMARY:** The Commodity Futures Trading Commission (“CFTC”) and the Securities and Exchange Commission (“SEC”) (collectively, “we” or “Commissions”) are adopting amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds, including those that also are registered with the CFTC as a commodity pool operator (“CPO”) or commodity trading adviser (“CTA”). The amendments are designed to enhance the Financial Stability Oversight Council’s (“FSOC’s”) ability to monitor systemic risk as well as bolster the SEC’s regulatory oversight of private fund advisers and investor protection efforts. In connection with the amendments to Form PF, the SEC is amending a rule under the Investment Advisers Act of 1940 (“Advisers Act”) to revise instructions for requesting a temporary hardship exemption.

**DATES:** *Effective date:* This rule is effective [INSERT DATE 365 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

*Compliance date:* See section II.F of this final rule.

**FOR FURTHER INFORMATION CONTACT:** *CFTC:* Pamela Geraghty, Acting Deputy Director; Michael Ehrstein, Special Counsel; Elizabeth Groover, Special Counsel; or Andrew

Ruggiero, Special Counsel, at (202) 418-6700, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581. SEC: Neema Nassiri, Jill Pritzker, Senior Counsels; Tom Strumpf, Branch Chief; or Melissa Rovers Harke, Assistant Director, at (202) 551-6787 or IARules@sec.gov, Investment Adviser Regulation Office, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-8549.

**SUPPLEMENTARY INFORMATION:** The Commissions are adopting amendments to Form PF [17 CFR 279.9] under the Advisers Act, and the SEC is adopting amendments to 17 CFR 275.204(b)-1 under the Advisers Act.<sup>1</sup>

<b>Agency</b>	<b>Reference</b>	<b>CFR Citation</b>
CFTC & SEC	Form PF <sup>2</sup>	17 CFR 279.9
SEC	Rule 204(b)-1	17 CFR 275.204(b)-1

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C. Amendments Concerning Information about Hedge Funds Advised by Large Private Fund Advisers

1. Removal of Existing Section 2a

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<sup>1</sup> 15 U.S.C. 80b. Unless otherwise noted, when we refer to the Advisers Act, or any section of the Advisers Act, we are referring to 15 U.S.C. 80b, at which the Advisers Act is codified, and when we refer to rules under the Advisers Act, or any section of these rules, we are referring to title 17, part 275 of the Code of Federal Regulations [17 CFR 275], in which these rules are published.

<sup>2</sup> Congress enacted Sections 404 and 406 of the Dodd-Frank Act, which required that private fund advisers file reports and specified certain types of information that should be subject to reporting and/or recordkeeping requirements. With respect to such reports, the Dodd-Frank Act authorized the SEC to require that private fund advisers file such information “as necessary and appropriate in the public interest and for the protection of investors, or for the assessment of systemic risk.” The result of this enactment was Form PF, which is a joint form between the SEC and CFTC only with respect to sections 1 and 2 of the Form.

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## **I. Introduction**

The Commissions are adopting amendments to sections of Form PF, the form that certain SEC-registered investment advisers, including those that also are registered with the CFTC as a CPO or CTA, use to report confidential information about the private funds that they advise.<sup>3</sup>

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<sup>3</sup> See 17 CFR 275.204(b)-1. Advisers Act section 202(a)(29) defines the term “private fund” as an issuer that would be an investment company, as defined in section 3 of the Investment Company Act of 1940 (“Investment Company Act”), but for section 3(c)(1) or 3(c)(7) of that Act. Section 3(c)(1) of the Investment Company Act provides an exclusion from the definition of “investment company” for any issuer whose outstanding securities (other than short-term paper) are beneficially owned by not more than one hundred persons (or, in the case of a qualifying venture capital fund, 250 persons) and which is not making and does not presently propose to make a

Form PF provides the Commissions and FSOC with important information about the basic operations and strategies of private funds and has helped establish a baseline picture of the private fund industry for use in assessing systemic risk. We now have more than a decade of experience analyzing the information collected on Form PF.<sup>4</sup> In that time, the private fund industry has grown in size and evolved in terms of business practices, complexity of fund structures, and investment strategies and exposures.<sup>5</sup> Based on this experience and in light of these changes, the Commissions and FSOC have identified significant information gaps and

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public offering of its securities. Section 3(c)(7) of the Investment Company Act provides an exclusion from the definition of “investment company” for any issuer, the outstanding securities of which are owned exclusively by persons who, at the time of acquisition of such securities, are qualified purchasers, and which is not making and does not at that time propose to make a public offering of such securities. The term “qualified purchaser” is defined in section 2(a)(51) of the Investment Company Act. Any reference to the “Commissions” or “we,” as it relates to the collection and use of Form PF data, are meant to refer to the agencies in their separate or collective capacities (as the context requires or permits), and such data from filings made pursuant to 17 CFR 275.204(b)-1, by and through Private Fund Reporting Depository, a subsystem of the Investment Adviser Registration Depository (“IARD”), and reports, analysis, and memoranda produced pursuant thereto.

<sup>4</sup> Form PF was adopted in 2011 as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”). Pub. L. 111-203, 124 Stat. 1376 (2010). *See* Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, Advisers Act Release No. 3308 (Oct. 31, 2011) [76 FR 71128 (Nov. 16, 2011)], at section I (“2011 Form PF Adopting Release”). In 2014, the SEC amended Form PF section 3 in connection with certain money market fund reforms. *See* Money Market Fund Reform; Amendments to Form PF, Advisers Act Release No. 3879 (July 23, 2014) [79 FR 47736 (Aug. 14, 2014)] (“2014 Form PF Amending Release”). In May 2023, the SEC amended Form PF section 4, added new sections 5 and 6, and redesignated prior section 5 as section 7 in connection with certain amendments to require event reporting for large hedge fund advisers and all private equity fund advisers and to revise certain reporting requirements for large private equity fund advisers. *See* Form PF; Event Reporting for Large Hedge Fund Advisers and Private Equity Fund Advisers; Requirements for Large Private Equity Fund Adviser Reporting, Advisers Act Release No. 6297 (May 3, 2023) [88 FR 38146 (June 12, 2023)] (“May 2023 SEC Form PF Amending Release”). In July 2023, the SEC amended Form PF section 3 in connection with certain money market fund reforms. *See* Money Market Fund Reforms; Form PF Reporting Requirements for Large Liquidity Fund Advisers; Technical Amendments to Form N-CSR and Form N-1A, Advisers Act Release No. 6344 (July 12, 2023) [88 FR 51404 (Aug. 3, 2023)] (“July 2023 SEC Form PF Amending Release”). We are now adopting amendments to the general instructions, section 1, and section 2, and related amendments in the glossary of terms.

<sup>5</sup> The value of private fund net assets reported on Form PF has more than doubled, growing from \$5 trillion (net) in 2013 to \$14 trillion (net) through the first quarter of 2023, while the number of private funds reported on the form has increased by nearly 130% in that time period. Unless otherwise noted, the private funds statistics used in this Release are from the Private Funds Statistics First Quarter of 2023. Division of Investment Management, Private Fund Statistics First Quarter 2023 (Oct. 16, 2023), *available at* <https://www.sec.gov/files/investment/private-funds-statistics-2023-q1.pdf> (“Private Fund Statistics Q1 2023”). Any comparisons to earlier periods are from the private funds statistics from that period, all of which are available at <https://www.sec.gov/divisions/investment/private-funds-statistics.shtml>. SEC staff began publishing the private fund statistics in 2015, including data from 2013. Therefore, many comparisons in this Release discuss the ten year span from the beginning of 2013 through the first quarter of 2023. Some discussion in this Release compares data from a shorter time span because the SEC staff published such data later than 2013. Staff reports, statistics, and other staff documents (including those cited herein) represent the views of SEC staff and are not a rule, regulation, or statement of the SEC. The SEC has neither approved nor disapproved the content of these documents and, like all staff statements, they have no legal force or effect, do not alter or amend applicable law, and create no new or additional obligations for any person.

situations where revised information would improve the Commissions' and FSOC's understanding of the private fund industry and the potential systemic risk posed by it, as well as further investor protection efforts. Accordingly, to enhance FSOC's monitoring and assessment of systemic risk and to collect additional data and make data more useful for the Commissions' use in their respective regulatory programs,<sup>6</sup> in August 2022, the Commissions proposed amendments to enhance the information advisers file on Form PF and improve data quality.<sup>7</sup>

The Commissions received a number of comment letters on the 2022 Joint Form PF Proposing Release.<sup>8</sup> Some commenters generally supported the policy goals of the proposal, stating that the proposal would help the Commissions and FSOC assess and respond to systemic risk and the Commissions to achieve their investor protection goals.<sup>9</sup> Certain commenters stated that the additional proposed reporting requirements are not necessary to identify systemic risk or protect investors.<sup>10</sup> Some commenters stated that the economic analysis understates the costs of compliance due to the scope of proposed changes and expressed skepticism at the stated

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<sup>6</sup> Additionally, the Board of Governors of the Federal Reserve System ("FRB") uses this data for research and analysis.

<sup>7</sup> Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers, Advisers Act Release No. 6083 (Aug. 10, 2022) [87 FR 53832 (Sept. 1, 2022)] ("2022 Joint Form PF Proposing Release"). The Commissions voted to issue the 2022 Joint Form PF Proposing Release on Aug 10, 2022. The release was posted on each of the Commissions' websites that day (or shortly thereafter), and comment letters were received beginning that same date. The comment period closed on Oct. 11, 2022. We have considered all comments received since Aug. 10, 2022.

<sup>8</sup> The comment letters on the 2022 Joint Form PF Proposing Release (File No. S7-22-22) that the SEC received are available at <https://www.sec.gov/comments/s7-22-22/s72222.htm>. The comment letters that the CFTC received are available at <https://comments.cftc.gov/PublicComments/CommentList.aspx?id=7312>. Several comment letters are addressed jointly to the Commissions and appear in both comment files.

<sup>9</sup> *See, e.g.*, Comment Letter of Americans for Financial Reform Education Fund (Oct. 11, 2022) ("AFREF Comment Letter I"); Comment Letter of Better Markets, Inc. (Oct. 11, 2022) ("Better Markets Comment Letter"); Comment Letter of FACT Coalition (Oct. 11, 2022) ("FACT Coalition Comment Letter"); Comment Letter of Global Legal Entity Identifier Foundation (Oct. 11, 2022) ("GLEIF Comment Letter"); Comment Letter of Americans for Financial Reform Education Fund, et al. (Feb. 21, 2023); Comment Letter of Andrew V. (Aug. 10, 2022).

<sup>10</sup> *See, e.g.*, Comment Letter of American Investment Council (Oct. 11, 2022) ("AIC Comment Letter I"); Comment Letter of U.S. Chamber of Commerce (Oct. 11, 2022) ("USCC Comment Letter"); Comment Letter of Alternative Investment Management Association Limited & Alternative Credit Council (Oct. 11, 2022) ("AIMA/ACC Comment Letter"); Comment Letter of Securities Industry and Financial Markets Association (Oct. 11, 2022) ("SIFMA Comment Letter"); Comment Letter of Managed Funds Association (Dec. 7, 2022) ("MFA Comment Letter II"). *See infra* at sections II and IV.C.1 of this Release for discussion of the benefits of the adopted amendments for systemic risk assessment and investor protection efforts.

benefits.<sup>11</sup> Some commenters criticized the proposed rulemaking for not considering the cumulative impact and costs of the amendments proposed in the 2022 Joint Form PF Proposing Release along with those proposed in the 2022 SEC Form PF Proposing Release,<sup>12</sup> which the SEC proposed in January 2022 and adopted in May 2023.<sup>13</sup>

We are adopting the amendments largely as proposed, but with certain modifications, in consideration of the comments we received:

- First, we are adopting amendments to the form’s general instructions, which apply to all Form PF filers, to improve data quality and comparability and to enhance investor protection efforts and systemic risk assessment. Amendments include:
  - *Reporting Master-Feeder and Parallel Fund Structures.* As proposed, we are adopting amendments that will require separate reporting for each component fund of a master-feeder arrangement and parallel fund structure, other than a disregarded feeder fund (*i.e.*, a feeder fund that invests all of its assets in a single master fund, U.S. treasury bills, and/or cash and cash equivalents<sup>14</sup>). In a change from the proposal, we are modifying the instructions to specify how a feeder fund is required to treat

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<sup>11</sup> See, e.g., AIC Comment Letter I; SIFMA Comment Letter; Comment Letter of Managed Funds Association and National Association of Private Fund Managers (July 21, 2023) (“MFA/NAPFM Comment Letter”). See discussion *infra* at section IV.C of this Release.

<sup>12</sup> Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements for Large Private Equity Advisers and Large Liquidity Fund Advisers, Advisers Act Release No. 5950 (Jan. 26, 2022) [87 FR 9106 (Feb. 17, 2022)] (“2022 SEC Form PF Proposing Release”).

<sup>13</sup> See, e.g., AIC Comment Letter I; Comment Letter of Managed Funds Association, Investment Adviser Association, et al. (Sept. 14, 2022) (“MFA Comment Letter I”); Comment Letter of Managed Funds Association (Mar. 16, 2023) (“MFA Comment Letter III”); SIFMA Comment Letter; Comment Letter of United States House of Representatives Committee on Financial Services (Sept. 26, 2023) (“Comment Letter of U.S. House of Representatives Committee on Financial Services”). See also May 2023 SEC Form PF Amending Release, *supra* footnote 4. See also Comment Letter of AIC (Aug. 8, 2023) (“AIC Comment Letter II”). See *infra* section IV.C of this Release for discussion of costs and benefits.

<sup>14</sup> As discussed in greater detail below, we are removing government securities from the definition of “cash and cash equivalents” and presenting government securities as its own line item in the Form PF Glossary of Terms. Thus, references herein to “cash and cash equivalents” refer to the amended definition, unless otherwise indicated. The amended definition is intended to provide more granular detail on this reporting form and is not intended to change any commercial understanding or accounting treatment of cash equivalents. See *infra* section II.B.2 of this Release.

its equity in the master fund for the purpose of determining its reporting threshold and responding to certain questions.

- *Reporting Fund of Funds.* We are also adopting, with some modifications from the proposal, amendments to Form PF regarding how advisers report private fund investments in other funds. We are revising proposed Instruction 7 to require an adviser to include the value of investments in other private funds (including internal and external private funds) when determining whether the adviser is required to file Form PF, whether it meets the thresholds for reporting as a large hedge fund adviser, large liquidity fund adviser, or large private equity fund adviser, and whether a hedge fund is a qualifying hedge fund, rather than permit an adviser to either include or exclude the value of investments in other private funds for the purpose of determining its reporting threshold, as proposed.<sup>15</sup>
- *Reporting Trading Vehicles.* In a change from the proposal, we are adopting an amendment to require advisers to identify trading vehicles in section 1b of Form PF and report on an aggregated basis for the reporting fund and all trading vehicles (whether fully owned by the reporting fund or partially owned), rather than (i) permitting advisers to report fully owned trading vehicles on an aggregated or disaggregated basis and (ii) requiring advisers to report partially owned trading vehicles on a disaggregated basis, as proposed. In a change from the proposal, we are also adding an instruction for advisers to specify whether the reporting fund holds assets, incurs leverage, or conducts trading or other activities through a trading vehicle.

- *Reporting Timelines.* We are also adopting, as proposed, an amendment to the instructions that will require all quarterly filers to file on a calendar quarter basis, rather than on a fiscal quarter basis.<sup>16</sup>
- Second, we are adopting amendments to sections 1a and 1b of Form PF, which apply to all Form PF filers, to provide greater insight into private funds' operations and strategies, and assist in identifying trends, including those that could create systemic risk and which are as such designed to enhance investor protection efforts and systemic risk assessment. The amendments are also designed to improve comparability across advisers, improve data quality, and reduce reporting errors. We are adopting, as proposed, amendments to collect additional identifying information regarding the adviser and its related persons, as well as their private fund assets under management. We are also adopting, largely as proposed, amendments to require advisers to report additional identifying information about the private funds they manage and other information about the private funds' assets, financing, investor concentration, and performance.
- Third, we are adopting amendments to section 1c of Form PF, which applies to private fund advisers that advise hedge funds. We are adopting, largely as proposed, amendments to require advisers to hedge funds to report certain additional information. As proposed, we are adopting amendments to require advisers to hedge funds to report on the fund's use of digital assets as an investment strategy, but in a modification from the proposal, we are not adopting the proposed definition of digital assets. We are also adopting, as proposed,

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<sup>16</sup> The calendar quarter basis filing requirement does not apply to a private equity fund adviser filing a private equity event report as contemplated by section 6 of Form PF, which requires such adviser to file within 60 calendar days after the end of the applicable fiscal quarter upon the occurrence of a private equity reporting event. See May 2023 SEC Form PF Amending Release, *supra* footnote 4.

amendments to remove certain questions to streamline reporting and to reduce reporting burdens.

- Fourth, as proposed, we are redesignating existing section 2a and 2b of Form PF as section 2, and we are adopting amendments to the new consolidated section 2, which applies to large hedge fund advisers that advise qualifying hedge funds (*i.e.*, hedge funds that have a net asset value of at least \$500 million). As proposed, we are removing aggregate reporting questions for large hedge fund advisers and requiring additional fund-level reporting to enhance investor protection efforts and systemic risk assessment.<sup>17</sup> We are adopting, largely as proposed, amendments to require large hedge fund advisers to report more granular information about the reporting fund's investment exposure, open and large position reporting, borrowing and counterparty exposure, and market factor effects. In a change from the proposal, we are not adopting a proposed question about investment performance by portfolio correlation.
- Finally, we are adopting, largely as proposed, certain additional amendments to improve data quality and accuracy of reporting.

The amendments we are adopting are important enhancements to the ability to monitor and assess systemic risk and to determine whether and how to deploy the Commissions' or FSOC's regulatory tools. The amendments will also strengthen the effectiveness of the SEC's regulatory programs, including examinations, investigations, and investor protection efforts relating to private fund advisers. The Commissions consulted with FSOC to gain input on these amendments and to help ensure that Form PF continues to provide FSOC with information it can use to assess systemic risk.

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<sup>17</sup> Unless stated otherwise, terms in this release that are defined in the Form PF Glossary of Terms are as defined therein.

## II. Discussion

### A. Amendments to the General Instructions

We are adopting amendments to the Form PF general instructions designed to improve data quality and comparability and to enhance investor protection efforts and systemic risk assessment.<sup>18</sup>

#### 1. Reporting Master-Feeder Arrangements and Parallel Fund Structures

Private funds often use complex structures to invest, including master-feeder arrangements and parallel fund structures.<sup>19</sup> We are adopting, largely as proposed, amendments to Form PF that generally require advisers to report separately each component fund of a master-feeder arrangement and parallel fund structure.<sup>20</sup> An adviser will continue to aggregate these structures, however, for purposes of determining whether the adviser meets a reporting threshold.<sup>21</sup>

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<sup>18</sup> Additional adopted changes to the General Instructions concerning amendments to enhance data quality methodologies and additional amendments are discussed in sections II.D and II.E of this Release. The amendments to Instruction 3 to reflect the removal of section 2a are discussed in section II.C.1 of this Release.

<sup>19</sup> A “master-feeder arrangement” is an arrangement in which one or more funds (“feeder funds”) invest all or substantially all of their assets in a single private fund (“master fund”). A “parallel fund structure” is a structure in which one or more private funds (each, a “parallel fund”) pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as another private fund. *See* Form PF Glossary of Terms.

<sup>20</sup> *See* Instruction 6. We also are amending Instruction 3, as proposed, to reflect the adopted approach for reporting master-feeder arrangements and parallel fund structures. *See infra* footnote 21.

<sup>21</sup> *See* Instruction 5. For example, an adviser would aggregate private funds that are part of the same master-feeder arrangement in determining whether the adviser is a large hedge fund adviser that must complete section 2 of Form PF. In connection with these changes, we are amending, as proposed, the term “reporting fund” and Instruction 3 so that they no longer discuss reporting aggregated information. Additionally, we are reorganizing current Instruction 5 and current Instruction 6 so that they reflect the adopted approach for when to aggregate certain funds. Current Instruction 5 instructs advisers about when to aggregate information about certain funds for purposes of reporting thresholds and responding to questions. Current Instruction 6 instructs advisers about how to aggregate information about certain funds. Instruction 5, as amended, instructs advisers on when to aggregate information about certain funds for purposes of determining whether they meet reporting thresholds. Instruction 6, as amended, instructs advisers about how to report information about certain funds when responding to questions. Further, in a modification from the proposal, we have added a reference to section 5 (Current report for large hedge fund advisers to qualifying hedge funds), which a qualifying hedge fund would also be required to complete, as applicable, as a result of the amendments adopted in the May 2023 SEC Form PF Amending Release.

Currently, Form PF provides advisers with flexibility to respond to questions regarding master-feeder arrangements and parallel fund structures either in the aggregate or separately, as long as they do so consistently throughout Form PF.<sup>22</sup> In adopting this approach in 2011, the Commissions stated that requiring advisers to aggregate or disaggregate funds in a manner inconsistent with their internal recordkeeping and reporting may impose additional burdens and that, as long as the structure of those arrangements is adequately disclosed, a prescriptive approach to aggregation was not necessary.<sup>23</sup> However, based on experience reviewing Form PF data, we observed that when some advisers report in aggregate and some advisers report separately, this can result in obscured risk profiles (*e.g.*, with respect to asset size, counterparty exposure, investor liquidity) and make it difficult to compare complex structures, undermining the utility of the data collected.<sup>24</sup> Prescribing the way advisers report a master-feeder arrangement and parallel fund structure will provide better insight into the risks and exposures of these arrangements.

Accordingly, we are amending the instructions to require an adviser to report each component fund of a master-feeder arrangement and parallel fund structure, except where a feeder fund invests all its assets in a single master fund, U.S. treasury bills, and/or “cash and cash equivalents” (*i.e.*, is a disregarded feeder fund).<sup>25</sup> In the case of a disregarded feeder fund in

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<sup>22</sup> See current Instruction 5.

<sup>23</sup> 2011 Form PF Adopting Release, *supra* footnote 4, at text following n.332.

<sup>24</sup> For example, a feeder fund may have counterparty exposure rather than the entire fund in the aggregate. When this is the case, fewer assets (*e.g.*, only those held at the feeder level) may be available as collateral and the counterparty may have greater risk.

<sup>25</sup> See Instruction 6. We are also revising the term “cash and cash equivalents,” as described in section II.B.2 in this Release, to improve data quality and provide more granular detail of fund exposures to the Commissions and FSOC. In alignment with this revision, we have modified the term “disregarded feeder fund” for the purposes of Form PF to specifically include U.S. treasury bills. U.S. treasury bills are direct obligations of the U.S. Government with a maturity of one year or less. Because these short-term holdings are sufficiently cash-like for our reporting and data analysis purposes, separate reporting for a feeder fund that invests all of its assets in U.S. treasury bills (or some combination of U.S. treasury bills, “cash and cash equivalents,” and a single master fund) is not necessary. One commenter stated that the removal of government securities from the definition of cash and cash equivalents would reduce the number of funds that qualify as disregarded feeder funds. See AIMA/ACC Comment Letter. This commenter stated that the Commission should revise the definition to allow for disregarded feeder funds to invest in government securities. *Id.* The final amendments permit disregarded feeder funds to invest in U.S. treasury bills,

Question 6, advisers instead will identify the disregarded feeder fund and look through to any disregarded feeder fund's investors in responding to certain questions regarding fund investors on behalf of the applicable master fund, as proposed. The master fund effectively is a conduit through which a disregarded feeder fund invests, and we do not believe separate reporting for such a feeder fund is necessary for data analysis purposes. In a modification from the proposal, we are adopting instructions to specify that a feeder fund should disregard any of its holdings in the master fund's equity for the purpose of determining its reporting threshold.<sup>26</sup>

Some commenters generally supported the proposed amendments that require more granular reporting of private fund structures because this would allow FSOC to assess systemic risk and the Commissions to protect investors more effectively.<sup>27</sup> Other commenters generally opposed the proposed amendments to require disaggregated reporting of master-feeder funds and parallel fund structures, stating that it would be overly burdensome for advisers to report this information and of limited benefit to the Commissions and/or FSOC.<sup>28</sup>

Although we acknowledge that the requirement to report disaggregated data for parallel fund and master-feeder fund structures may increase the reporting burdens on certain advisers, we disagree that requiring disaggregated reporting would be significantly more burdensome than the existing requirements, because filers are already required to assemble aggregated data from the individual components of their fund structures to determine their reporting category on Form PF.<sup>29</sup> Any increased burdens are justified because disaggregated data of these structures will provide the Commissions and FSOC with increased transparency into risk profiles and complex

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but not other government securities. We believe this approach is appropriate because, as noted above and unlike certain other government securities, U.S. treasury bills are short-term holdings and sufficiently cash-like for our reporting and data analysis purposes. Further, U.S. treasury bills generally do not have the interest rate risk that longer-dated government securities have.

<sup>26</sup> See Instruction 6.

<sup>27</sup> See, e.g., AFREF Comment Letter I; Better Markets Comment Letter.

<sup>28</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>29</sup> See current Instruction 5.

fund structures, which will improve our ability to monitor systemic risk and protect investors. We also disagree that disaggregated reporting of master-feeder funds and parallel fund structures will be of limited value based on our experience with Form PF, which currently obscures our understanding of their fund structures and the risk exposure of their component funds. Some commenters opposed the proposed disaggregated reporting requirement, asserting that it would provide misleading information by reporting data in isolation as opposed to as part of an overall fund or investment program.<sup>30</sup> However, rather than be misleading, the disaggregated reporting will allow for a clearer understanding of a fund's structure. Disaggregated data will not be misleading to the Commissions or FSOC in comparison to aggregated data because the disaggregated data can still be aggregated by FSOC and the Commissions if necessary to understand and assess the risk of the fund.

One commenter stated that the disaggregated reporting requirement would be particularly burdensome for private equity fund advisers, as this commenter believed private equity funds pose less systemic risk.<sup>31</sup> The existing reporting instructions allowing aggregated reporting result in an obscured risk profile of all types of private funds, including private equity funds. Although private equity funds may exhibit a different risk profile than hedge funds, we disagree with the commenter that understanding their structure is unimportant to assessing systemic risk.

Understanding the full risk profile of private equity funds is an important component of the reporting on Form PF because of the growth in the private equity fund industry and its significance to financial markets.<sup>32</sup> Additionally, the disaggregated reporting requirement is

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<sup>30</sup> See, e.g., MFA Comment Letter II; USCC Comment Letter.

<sup>31</sup> AIC Comment Letter I.

<sup>32</sup> Since 2013, the number of private equity funds has more than doubled from under 7,000 to over 20,000, private equity fund gross assets have quadrupled from \$1.6 trillion to \$6.6 trillion, and private equity fund net assets have also quadrupled, increasing from \$1.5 trillion to \$6 trillion. See Private Fund Statistics Q1 2023, *supra* footnote 4.

important for investor protection efforts due to the increased exposure of investors to the private equity industry through investments such as pension funds.<sup>33</sup>

One commenter stated that requiring disaggregated data would add a data security risk that sensitive information about a fund's strategy could be publicly exposed.<sup>34</sup> We do not agree that requiring disaggregated reporting of component funds presents a significant increase in public disclosure risk, in part because the required information is no more granular than the information already required to be reported for other private funds without a master-feeder arrangement or parallel fund structure. The Commissions currently have robust data protection measures in place to protect all information filed on Form PF, which is filed on a non-public basis. Any limited increase in data security risk associated solely with the collection of more information is justified because of the importance of receiving this disaggregated information for FSOC and the Commissions' systemic risk monitoring and the Commissions' investor protection efforts. As discussed more fully above, this disaggregated data will provide increased transparency into complex fund structures and better insight into the risks presented by such arrangements. As discussed above, in response to commenters' concerns, we are modifying the instructions for how a feeder fund determines its reporting category to specify that the feeder fund should exclude any of its holdings in the master fund's equity when calculating its total asset value for the purpose of determining its reporting category.<sup>35</sup> This modification will help avoid double counting of reported assets, given that data for the master fund will be separately reported on Form PF. It will also require a more appropriate level of information from feeder funds than we had proposed. As proposed, an adviser could have determined that a feeder fund is a qualifying hedge fund subject to additional reporting, even if the feeder fund's investments outside of its master fund were trivial. This level of reporting for such a feeder fund is not

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<sup>33</sup> See, e.g., Public Plans Data (2022), available at <https://publicplansdata.org/quick-facts/national/>.

<sup>34</sup> USCC Comment Letter.

<sup>35</sup> See Instruction 6.

necessary for data analysis purposes, and the amended Form PF will accordingly only require this additional reporting for feeder funds that are determined to be qualifying hedge funds based on their investments made outside of their master funds. Some commenters recommended adopting an instruction for disregarded feeder fund reporting obligations that allows for a *de minimis* amount of a disregarded feeder fund's investments to be in other assets, such as up to 10 or 20 percent of a fund's capital, rather than the proposed instruction, which would require all of the disregarded feeder fund's assets to be invested in a single master fund, U.S. treasury bills, or cash and cash equivalents.<sup>36</sup> We do not believe that these recommended exceptions would be appropriate. The adopted instruction, which provides that a feeder fund that invests all of its assets in a single master fund, U.S. treasury bills, or cash and cash equivalents is a disregarded feeder fund, is more appropriate because such a feeder fund is effectively investing only through its associated master fund. Disaggregated reporting of such a disregarded feeder fund is not necessary for data analysis purposes, because such reporting would not convey additional information about the feeder fund's exposures, as the feeder fund's investments are limited to its investments through its master fund, which are required to be reported on the amended Form PF. In contrast, a feeder fund that does not invest all of its assets in a single master fund, U.S. treasury bills, or cash and cash equivalents operates and invests in a different manner, and it is critical to our understanding of these funds and the risks that they may pose to receive disaggregated reporting of these fund arrangements because such feeder funds will generally have distinct risk exposures than their associated master funds. Further, the modified instructions we are adopting, which provide that a reporting feeder fund is to disregard its holdings in the master fund's equity for the purpose of determining its reporting threshold, are responsive to commenter concerns that the burdens on feeder funds with *de minimis* non-cash or cash equivalent holdings would be significant. For example, under the adopted instructions, a

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<sup>36</sup> See AIMA/ACC Comment Letter; MFA Comment Letter II.

feeder fund with minimal holdings outside of the master fund's equity may only be required to complete section 1 of Form PF, when it may have otherwise been required to complete additional sections if its holdings in the equity of the master fund were included in its reporting threshold determination, as proposed. The modified instructions take into consideration the potential burden of reporting feeder funds on a separate basis and allows the Commissions to receive important reporting on the exposures of feeder funds other than to its equity in its master fund.

In addition, we are adopting, as proposed, an amendment to no longer allow advisers to separately report any "parallel managed accounts" (which is distinguished from a "parallel fund structure"), provided that advisers will continue to be required to report the total value of all parallel managed accounts related to each reporting fund.<sup>37</sup> Including parallel managed accounts in the reporting may reduce the quality of data for our analyses while also imposing additional burdens on advisers.<sup>38</sup> Data regarding the total value of parallel managed accounts, however, will allow FSOC to take into account the greater amount of assets an adviser may be managing using a given strategy for purposes of analyzing the data reported on Form PF for systemic risk purposes.

We are adopting, as proposed, an instruction to provide that a dependent parallel managed account must be aggregated with the largest private fund to which it relates and, unchanged from the current Form PF, with respect to any private fund, a "dependent parallel managed account" remains defined as any related parallel managed account other than a parallel managed account that individually (or together with other parallel managed accounts that pursue substantially the same investment objective and strategy and invest side by side in substantially

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<sup>37</sup> See Instruction 6. A "parallel managed account" is any managed account or other pool of assets managed by the adviser that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as the identified private fund. See Form PF Glossary of Terms.

<sup>38</sup> See 2011 Form PF Adopting Release, *supra* footnote 4, at n.334, and accompanying text (the Commissions were persuaded that aggregating parallel managed accounts for reporting purposes would be difficult and "result in inconsistent and misleading data" because the characteristics of parallel managed accounts are often somewhat different from the funds with which they are managed). For example, in a separately managed account a client generally selects an adviser's strategy but tailors it to the client's own investment guidelines.

the same positions) has a gross asset value greater than the gross asset value of such private fund (or, if the private fund is a parallel fund, the gross asset value of the parallel fund structure).<sup>39</sup> One commenter sought clarification that a parallel managed account should be aggregated with the single largest private fund to which it relates.<sup>40</sup> We continue to believe that this approach will more effectively support systemic risk analyses and our investor protection efforts, particularly given the growth in parallel managed accounts in recent years.<sup>41</sup>

## 2. Reporting Private Funds that Invest in Other Funds

We are adopting amendments to Form PF regarding how advisers report private fund investments in other private funds, trading vehicles, and other funds that are not private funds.

*Investments in other private funds.* We are adopting, with modifications from the proposal, amendments to Instruction 7, which addresses how advisers treat private fund investments in other private funds (e.g., a “fund of funds”). Currently, advisers include the value of private fund investments in other private funds in determining whether the adviser meets the filing threshold to file Form PF.<sup>42</sup> This requirement is implicit in the current form, and we are amending this aspect of Instruction 7, as proposed, to make it explicit. Further, current Form PF generally permits an adviser to disregard the value of a private fund’s equity investments in other private funds for purposes of both the form’s reporting thresholds (e.g., whether it qualifies as a large hedge fund adviser) and responding to questions on Form PF, as long as the adviser does so

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<sup>39</sup> See Instruction 5; Form PF Glossary of Terms.

<sup>40</sup> AIMA/ACC Comment Letter.

<sup>41</sup> See David C. Johnson & Francis A. Martinez, *Form PF Insights on Private Equity Funds and Their Portfolio Companies*, Office of Financial Research, June 14, 2018, at 3-4, available at [https://www.financialresearch.gov/briefs/files/OFRBr\\_2018\\_01\\_Form-PF.pdf](https://www.financialresearch.gov/briefs/files/OFRBr_2018_01_Form-PF.pdf) (stating that fund investments in other funds increased from \$227 billion in 2013 to \$319 billion in 2016 and noting that the existing reporting on parallel managed accounts may be underreported because parallel managed accounts are not currently required to be reported).

<sup>42</sup> Form PF Instruction 1 provides that certain advisers meet the filing threshold if they and their related persons, collectively, had at least \$150 million in private fund assets under management as of the last day of their most recently completed fiscal year.

consistently throughout Form PF, subject to certain exceptions.<sup>43</sup> We proposed continuing to permit an adviser to either include or exclude the value of such investments for the purpose of determining its reporting thresholds but requiring an adviser to include the value of such investments for the purpose of responding to questions on Form PF.

In a modification from the proposal, we are adopting an amendment to Instruction 7 to require an adviser to include the value of investments in other private funds (including internal and external private funds) when determining whether the adviser is required to file Form PF, whether it meets the thresholds for reporting as a large hedge fund adviser, large liquidity fund adviser, or large private equity fund adviser, and whether a hedge fund is a qualifying hedge fund, rather than permit an adviser to either include or exclude the value of investments in other private funds for the purpose of determining its reporting threshold, as proposed.<sup>44</sup> As discussed further below, as proposed, an adviser will no longer have flexibility on whether to include or exclude a reporting fund's investments in other private funds for purposes of responding to questions on Form PF.<sup>45</sup> Instead, we are amending Instruction 7 to require an adviser to include the value of a reporting fund's investments in other private funds when responding to questions on Form PF, unless otherwise directed by the instructions to a particular question.

Requiring advisers to report fund of funds arrangements in a more consistent manner will allow the Commissions and FSOC to understand these fund structures more effectively by providing greater insight into the scale of reporting funds' exposures. The form's current flexibility on whether to disregard underlying funds for the purpose of determining a reporting

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<sup>43</sup> For example, under the current instructions, an adviser is not permitted to disregard any liabilities of the private fund, even if incurred in connection with an investment in other private funds. *See* current Instruction 7.

<sup>44</sup> *See* Instruction 7. In connection with this Instruction 7, we are also not adopting the proposed revision to the definition of "qualifying hedge fund," which would have instructed advisers that they may exclude the fund's investments in other private funds in determining whether a hedge fund meets the "qualifying hedge fund" definition. *See* Form PF Glossary of Terms.

<sup>45</sup> *Id.*

fund's reporting threshold and when responding to questions provides unclear and inconsistent reporting and data on the scale of reporting funds' exposures.

One commenter stated that allowing an adviser to determine whether to include or exclude a reporting fund's investment in other private funds could result in distortions in the data collected on Form PF.<sup>46</sup> This commenter recommended revising the instructions to prohibit an adviser from including a reporting fund's investment in other private funds for the purpose of determining its reporting threshold. We agree with this commenter that permitting advisers the flexibility to include or exclude the value of the reporting fund's investment in other private funds could result in distortions in the data and inconsistent reporting. Therefore, we have modified the instructions to remove this proposed flexibility. However, we have modified the instructions to provide that an adviser must include the reporting fund's investment in other private funds for determining its reporting threshold. For the same reasons that Instruction 7 currently (and will continue to) provide that an adviser must include the reporting fund's investments in other private funds in determining whether it is required to file Form PF, we believe it is appropriate for an adviser to use this same approach to determine the reporting fund's appropriate reporting category. This modification will provide for consistent treatment of investments in other private funds for all Form PF purposes by specifying that these investments should be included for the purpose of determining reporting threshold, determining filing threshold, and responding to questions on Form PF (unless otherwise instructed by a particular question). We do not believe that this modification will materially increase filing burdens because advisers are currently (and will continue to be) required to include the value of the reporting fund's investments in other private funds for the purpose of determining whether it is required to file Form PF and, as discussed further below, will be required, as proposed, to include the value of the reporting fund's investments in other private funds in answering

questions on Form PF (unless otherwise instructed by a particular question). Some commenters opposed the proposed amendment to include the value of a reporting fund's investment in other external private funds when responding to questions because of the burden of obtaining information about the underlying investments and their view on the limited value of the data.<sup>47</sup> Data about underlying investments in external private funds is important to provide the Commissions and FSOC with sufficient information to understand a fund structure to be able to assess systemic risk. We disagree that reporting the value of a reporting fund's investments in other external private funds is significantly more burdensome to report because an adviser is currently required to calculate the value of its investment in other private funds in determining whether the adviser meets the threshold to file Form PF. One commenter stated that investments in private funds should be treated like a disregarded feeder fund and not require disaggregated reporting.<sup>48</sup> We disagree that a fund of funds structure presents the same risks as a disregarded feeder fund because, in a fund of funds structure, the feeder fund is itself engaging in direct investment, whereas a disregarded feeder fund invests its assets at the master fund level.

Currently, Instruction 7 specifies that, in the case of a fund that invests substantially all of its assets in other private funds and, other than its investments in other private funds, only holds cash and cash equivalents and instruments acquired for the purpose of hedging currency exposure, an adviser is only required to complete section 1b of Form PF for that fund.<sup>49</sup> One commenter recommended modifying this instruction to replace the reference to "substantially all of its assets" in other private funds to 80% of its assets and to remove the reference to only holding cash and cash equivalents and instruments acquired for the purpose of hedging currency exposure.<sup>50</sup> This commenter stated that there are circumstances that may cause an adviser to

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<sup>47</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>48</sup> AIMA/ACC Comment Letter.

<sup>49</sup> See current Instruction 7.

<sup>50</sup> AIMA/ACC Comment Letter.

invest a small portion of a fund of fund's assets directly, such as for tax purposes or for an investor's preference, which would cause the fund to no longer be considered a fund that invests substantially all of its assets in other private funds for purposes of Form PF, which allows the adviser to only complete section 1b for that fund.<sup>51</sup> Although we agree that the meaning of "substantially all of its assets" should be clarified for purposes of this form, so as to generally improve data quality and comparability, we disagree that the reference to only holding cash and cash equivalents and instruments acquired for the purpose of hedging currency exposure should be removed. The exclusion from completing section 1c is intended to be limited to funds that invest only through other private funds for which we receive separate reporting. Allowing an exclusion for funds that invest in investments other than private funds would create a data gap because we would not receive separate reporting about investments that are *not* private funds. Accordingly, in a change from the proposal, we are modifying Instruction 7 only to replace the instruction "substantially all of its assets" to "80% or more of its assets." This modification will help clarify which funds will need to complete only section 1b of Form PF.

Currently, advisers are not required to, but nonetheless have the option to, "look through" a reporting fund's investments in any other entity (including other private funds), except in instances when the form directs otherwise.<sup>52</sup> As a result, some advisers may "look through" a reporting fund's investments in other entities, while others do not, leading to unclear data, inconsistent comparisons, and less precise analysis across advisers. Therefore, we are amending, largely as proposed, Instruction 7 to provide that, when responding to questions, advisers must not "look through" a reporting fund's investments in internal private funds or external private funds (other than a trading vehicle, as described below), unless the question instructs the adviser

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<sup>51</sup> *Id.*

<sup>52</sup> *See* current Instruction 8.

to report exposure obtained indirectly through positions in such funds or other entities.<sup>53</sup> In a modification from the proposal, we are adding an instruction that provides if an adviser cannot avoid “looking through” to the reporting fund’s investments in internal private funds or external private funds in responding to a particular question, then the adviser must provide an explanation of its responses in Question 4. This instruction is responsive to certain commenters’ concerns regarding the burden of disaggregated reporting where look-through aggregation may be unavoidable and will provide additional context for the data reported. Further, after consideration of commenter recommendations, in a modification from the proposal, we are revising certain questions related to exposures to instruct advisers to select the exposure that “best represents” the indirect investment of the reporting fund, as discussed more fully below in section II.C.<sup>54</sup> This modification will reduce the burden on advisers in reporting exposure information about these investments in private funds, while providing reporting on indirect investments that is important for effective systemic risk assessment and investor protection efforts.

As discussed further below, we are modifying from the proposal the reporting instructions for trading vehicles to require an adviser to “look through” trading vehicles for all questions. Given this modification, we are also adopting amendments to Instruction 8 to exclude trading vehicles from the general requirement that an adviser must not “look through” a reporting fund’s investments in funds or other entities unless the question instructs the adviser to report exposure obtained indirectly through positions in such funds or other entities. These amendments are designed to improve data quality and comparisons, so the Commissions and

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<sup>53</sup> See Instruction 7. For example, advisers will not “look through” to the creditors of or counterparties to other private funds in responding to questions that ask about a reporting fund’s borrowings and counterparty exposures. See Question 18 (concerning borrowings) and Questions 27 and 28 (concerning counterparty exposures). However, selected questions in section 2 of the form require advisers to report indirect exposure resulting from positions held through other entities including private funds, and advisers will “look through” the reporting fund’s investments in internal private funds and external private funds in responding to those questions. See, e.g., Question 32 (concerning reporting fund exposures).

<sup>54</sup> See Questions 33, 35, 36, and 47.

FSOC understand what Form PF data is from advisers “looking through” a reporting fund’s investments, which will lead to more effective systemic risk assessments and investor protection efforts.

*Trading vehicles.* Some private funds wholly or partially own separate legal entities that hold assets, incur leverage, or conduct trading or other activities as part of the private fund’s investment activities, but do not operate a business (each, a “trading vehicle”).<sup>55</sup> Private funds may use trading vehicles for various purposes, including (1) for jurisdictional, tax, or other regulatory purposes or (2) to “ring-fence” assets in light of liability or bankruptcy concerns associated with a particular investment (*i.e.*, structure assets so counterparties would only have recourse against the trading vehicle and not against the private fund). Currently, Form PF does not require advisers to identify trading vehicles. As a result, Form PF does not provide a clear window into the existence or use of trading vehicles and the risks that they present. Because private funds may use trading vehicles for a wide variety of purposes, more complete and accurate visibility into asset class exposures, position sizes, and counterparty exposures relied on by trading vehicles can enhance the Commissions’ and FSOC’s systemic risk and financial stability assessment efforts and the Commissions’ efforts to protect investors by identifying areas in need of outreach, examination, or investigation. We are adopting amendments designed to address these concerns by requiring advisers to identify any trading vehicles of the reporting fund, how the reporting fund uses the trading vehicle, and the position sizes and counterparty exposures of the reporting fund that are attributable to the trading vehicle.

We are adopting amendments, with certain modifications from the proposal, to Form PF’s general instructions to explain how advisers report information if the reporting fund uses a

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<sup>55</sup> We are adopting a definition of “trading vehicle” to the Form PF Glossary of Terms. In a modification from the proposed definition, we are specifying that a trading vehicle may be wholly *or partially* owned by a reporting fund. *See* Form PF Glossary of Terms (definition of “trading vehicle”). The concept of a partially owned trading vehicle (*i.e.*, if the reporting fund is not the trading vehicle’s only equity owner) was implicit in the proposed instructions, which would have provided for different treatment for a wholly owned or partially owned trading vehicle. *See* proposed Instruction 7. We are modifying the definition of “trading vehicle” to make this explicit.

trading vehicle.<sup>56</sup> Specifically, if the reporting fund uses a trading vehicle, the adviser will be required to identify the trading vehicle in section 1b and report answers on an aggregated basis for the reporting fund and such trading vehicle.<sup>57</sup> Advisers will be instructed to “look through” the trading vehicle’s holdings on Form PF, adjusted for the reporting fund’s percentage ownership interest of the trading vehicle, in responding to questions on Form PF for the reporting fund, as discussed further below.<sup>58</sup> As discussed more fully in section II.B below, an adviser will also be required to specify if the reporting fund holds assets through a trading vehicle, incurs leverage through a trading vehicle, or conducts trading or other activities through a trading vehicle.<sup>59</sup> Finally, advisers will be required to report trading vehicles on a consolidated basis but in response to certain questions will be required to identify the positions and counterparty exposures that are held through a trading vehicle, which will help differentiate the reporting fund’s exposures and risks from those of its trading vehicles, as discussed more fully in sections II.B.3 and II.C.2 below.<sup>60</sup>

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<sup>56</sup> See Instruction 7. We are also making a conforming change to Instruction 8 to reference this new instruction.

<sup>57</sup> We proposed the following for reporting requirements for trading vehicles: if the reporting fund uses a trading vehicle, and the reporting fund is its only equity owner, the adviser would have been required to either (1) identify the trading vehicle in section 1b and report answers on an aggregated basis for the reporting fund and such trading vehicle, or (2) report the trading vehicle as a separate reporting fund. An adviser would have been required to report the trading vehicle separately if the trading vehicle holds assets, incurs leverage, or conducts trading or other activities on behalf of more than one reporting fund. If reporting separately, (1) advisers would have been required to report the trading vehicle as a hedge fund if a hedge fund invests through the trading vehicle; (2) advisers would have been required to report the trading vehicle as a qualifying hedge fund if a qualifying hedge fund invests through the trading vehicle; or (3) otherwise, advisers would have been required to report the trading vehicle as a liquidity fund, private equity fund, or other type of fund based on its activities.

<sup>58</sup> See Instruction 7. We had proposed to permit disaggregated reporting for wholly-owned trading vehicles and to require disaggregated reporting for partially-owned trading vehicles. As discussed below, the final amendments will instead require advisers to report all trading vehicles, whether wholly or partially owned, on a consolidated basis. In connection with this change, the final amendments specify that an adviser must adjust trading vehicle information to reflect the reporting fund’s percentage ownership interest of the trading vehicle.

<sup>59</sup> See Questions 9(d) through (f). A trading vehicle is defined as a separate legal entity, wholly or partially owned by one or more reporting funds, that holds assets, incurs leverage, or conducts trading or other activities as part of a reporting fund’s investment activities but does not operate a business. See Form PF Glossary of Terms (definition of “trading vehicle”). Questions 9(d) through (f) ask the reporting fund to identify the vehicle’s activities that results in it being a “trading vehicle,” as defined in the Form PF Glossary of Terms.

<sup>60</sup> See, e.g., Questions 27 and 28, which are required for all hedge fund advisers, and Questions 42, 43, and 44, which are required for large hedge fund advisers.

We are not adopting proposed amendments that would have permitted an adviser to select whether to report a wholly owned trading vehicle on either a consolidated or disaggregated basis and would have required advisers to report a partially owned trading vehicle on a disaggregated basis. One commenter stated the proposed disaggregated reporting for trading vehicles would provide the Commissions and FSOC with insights into a private fund's assets and activities that are not currently reported on Form PF, which would support assessment of potential systemic risk.<sup>61</sup> Other commenters opposed the proposed requirements to disclose trading vehicles on a disaggregated basis because of the significant cost and burdens for such reporting and their view on the limited benefit of such reporting to the Commissions.<sup>62</sup> Some commenters stated that disaggregated reporting of trading vehicles would be misleading because advisers do not account for risk on a disaggregated basis.<sup>63</sup> Another commenter stated that allowing consolidated reporting of trading vehicles would provide the Commissions with a clearer and more accurate depiction of a fund's characteristics and exposures than disaggregated reporting.<sup>64</sup> Some commenters stated that separate reporting for trading vehicles is not necessary because trading vehicles are often used for administrative purposes, such as for tax or efficiency purposes, but are managed on a consolidated basis and regarded as a single entity for investment purposes.<sup>65</sup> Another commenter recommended limiting disaggregated reporting of trading vehicles to only vehicles that engage in leverage or borrowing to reduce the cost of implementation of separate reporting.<sup>66</sup> Another commenter recommended that we focus on specific questions on Form PF to gain information about trading vehicles instead of requiring full separate reporting of trading

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<sup>61</sup> NASAA Comment Letter.

<sup>62</sup> *See, e.g.*, AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter.

<sup>63</sup> *See, e.g.*, MFA Comment Letter II; MFA/NAPFM Comment Letter.

<sup>64</sup> AIMA/ACC Comment Letter.

<sup>65</sup> *See, e.g.*, MFA Comment Letter II; Schulte Comment Letter.

<sup>66</sup> SIFMA Comment Letter.

vehicles to reduce burdens and provide clearer reporting.<sup>67</sup> Another commenter recommended permitting aggregated reporting for trading vehicles that are at least 90% owned by a single reporting fund.<sup>68</sup>

After considering such comments, we are not adopting the proposed requirement that would have permitted advisers to report fully owned trading vehicles on a disaggregated basis and required them to do so in the case of partially owned trading vehicles. Instead, we are requiring advisers to report all trading vehicles, whether wholly owned or partially owned, on a consolidated basis. Requiring advisers to instead “look through” the reporting fund’s investment in all trading vehicles on a consistent basis is appropriate because receiving disaggregated data for some but not all trading vehicles could result in distorted data. Requiring all reporting funds to report their trading vehicles, whether fully or partially owned, on an aggregated basis will improve data comparability and allow us to better understand the holdings and exposures of the fund structure for our assessments of potential systemic risk. We also understand from commenters that a consolidated reporting better aligns with how advisers regard trading vehicles internally. However, after considering a commenter’s recommendation to include specific questions on trading vehicles rather than full disaggregated reporting,<sup>69</sup> we are adopting amendments to include specific questions relating to a reporting fund’s trading vehicle use and a trading vehicle’s position size and risk exposure, as opposed to requiring the greater burden of full separate reporting on Form PF for trading vehicles. We are also requiring advisers to identify the relevant party that bears certain risk exposures, which will allow us to understand how the reporting fund makes use of its fund structure, including any trading vehicles.<sup>70</sup> This approach will result in greater insight into the overall fund structure and support of FSOC’s

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<sup>67</sup> Schulte Comment Letter.

<sup>68</sup> MFA Comment Letter II.

<sup>69</sup> Schulte Comment Letter.

<sup>70</sup> *See, e.g.*, Questions 27 and 28, which are applicable to all hedge funds, and Questions 42, 43, and 44, which are applicable to only large hedge funds.

systemic risk assessments than under the existing reporting requirements, and it will also be less burdensome than the approach we had proposed to require separate full reporting for certain trading vehicles. We disagree that any trading vehicle reporting should be limited to only vehicles that are used for leverage and borrowing activities because the amendments are intended to support systemic risk assessments more broadly on and provide insight into how trading vehicles are used, which includes trading vehicles that are used for other purposes, such as holding assets or trading. This reporting is important for systemic risk assessment because it provides visibility into private funds' operations and can assist the Commissions and FSOC in identifying trends across the industry.

*Investments in funds that are not private funds.* Advisers will continue to include the value of the reporting fund's investments in funds and other entities that are not private funds, in determining reporting thresholds and responding to questions, unless otherwise directed, as Form PF currently requires.<sup>71</sup> For the reasons discussed above, we are revising the instructions, substantially as proposed, to indicate that, when responding to questions, however, advisers must not "look through" a reporting fund's investments in funds or other entities that are not private funds, or trading vehicles, unless the question instructs the adviser to report exposure obtained indirectly through positions in such funds or other entities.<sup>72</sup>

### **3. Reporting Timelines**

We are amending, as proposed, Instruction 9 to require large hedge fund advisers and large liquidity fund advisers to update Form PF within a certain number of days after the end of each calendar quarter, rather than after each fiscal quarter, as Form PF currently requires.<sup>73</sup> One

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<sup>71</sup> See Instruction 8. In a modification from the proposal, we are removing the erroneous reference to Questions 39 and 40 from Instructions 7 and 8, which implied that these questions require advisers to look-through the reporting fund's investments.

<sup>72</sup> We are also specifying that advisers should "look through" trading vehicles for all questions, as provided in Instruction 7 and discussed above.

<sup>73</sup> Large hedge fund advisers generally are required to file within 60 calendar days after the end of each calendar quarter and large liquidity fund advisers generally are required to file within 15 calendar days after the end of each calendar quarter. See Instruction 9.

commenter stated that for quarterly filers who have a fiscal year ending in a non-calendar quarter month, the proposed instructions do not specify the procedure for a filer who, during the transition from fiscal to calendar quarter reporting, would otherwise be required to report twice in one calendar quarter.<sup>74</sup> As suggested by this commenter, we are requiring that such filers transition to the new timing requirement by their first calendar quarter-end filing for the first full quarterly reporting period after the compliance date.<sup>75</sup>

All other advisers will continue to file annual updates within 120 calendar days after the end of their fiscal year.<sup>76</sup> Private equity fund advisers will continue to file any required quarterly private equity event reports on a fiscal quarter basis, as applicable.<sup>77</sup> Form PF will continue to require all advisers to use fiscal quarters and years to determine filing thresholds because advisers already make such calculations under 17 CFR 279.1 (“Form ADV”), which requires annual updates based on fiscal year.<sup>78</sup>

Currently, routine fiscal quarter reporting by large hedge fund advisers and large liquidity fund advisers significantly delays the time at which the Commissions and FSOC receive a complete data set for a calendar quarter. For example, large hedge fund advisers whose first fiscal quarter ends on the calendar quarter end of March, would file data covering January, February, and March by the end of May.<sup>79</sup> However, large hedge fund advisers whose fiscal quarter ends in May would not file their March data until the end of July, delaying Commission and FSOC access to full calendar quarter data by all large hedge fund advisers by four months. The adopted changes are designed to provide a more complete data set sooner to improve the

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<sup>74</sup> AIMA/ACC Comment Letter.

<sup>75</sup> See *infra* section II.F (Effective and Compliance Dates).

<sup>76</sup> We also are adopting amendments to the term “data reporting date” to reflect this approach. See Form PF Glossary of Terms.

<sup>77</sup> See Form PF Section 6 and Instruction 9.

<sup>78</sup> See Form PF Instructions 1 and 3; Form ADV and [17 CFR 275.204-1] Advisers Act rule 204-1 (amendments to Form ADV).

<sup>79</sup> See current Instruction 9 (requiring large hedge fund advisers to update Form PF within 60 calendar days after the end of their first, second, and third fiscal quarters, among other things).

efficiency and effectiveness of investor protection efforts and systemic risk assessment. Based on Form ADV data as of December 2022, 99.6 percent of private fund advisers already effectively file Form PF on a calendar basis because their fiscal quarter or year ends on the calendar quarter or year end, respectively.<sup>80</sup> The 0.4 percent of private fund advisers that have a non-calendar fiscal approach, which could cause a temporary data gap, represents approximately 224 private funds, totaling approximately \$80 billion in gross asset value. Calendar quarter reporting also will more closely align with reporting on Form CPO-PQR,<sup>81</sup> which requires calendar quarterly reporting, allowing easier integration of these data sets.

In response to a request for comment whether reporting deadlines for large hedge fund advisers to complete their routine annual filing should be shortened to 30 calendar days (from 60 calendar days) after the end of each quarter, one commenter stated that shorter reporting timelines would provide FSOC and the Commissions with the most current information to monitor systemic risk.<sup>82</sup> Another commenter opposed shortened reporting timelines and stated that the existing requirements are already burdensome and requiring shorter deadlines could undermine data quality.<sup>83</sup> After the 2022 Joint Form PF Proposing Release, the SEC adopted amendments to Form PF, which require large hedge fund advisers to file current reports and private equity fund advisers to file event reports upon the occurrence of certain events.<sup>84</sup> The amendment to require calendar quarter, rather than fiscal quarter, basis reporting will improve data comparability and will provide the Commissions with more timely information for those large hedge advisers that currently do not report on a calendar quarter basis.

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<sup>80</sup> We are presenting data from all private fund advisers, not just those who would file their routine filings on a quarterly basis (*i.e.*, large hedge fund advisers and large liquidity fund advisers), to avoid potentially disclosing proprietary information of individual Form PF filers, and to be inclusive considering that the population of quarterly filers versus annual filers may change over time.

<sup>81</sup> See 17 CFR pt 4, app A.

<sup>82</sup> Comment Letter of Mohammed R. (Sept. 9, 2022).

<sup>83</sup> Schulte Comment Letter.

<sup>84</sup> May 2023 SEC Form PF Amending Release, *supra* footnote 4.

## **B. Amendments Concerning Basic Information about the Adviser and the Private Funds it Advises**

Each adviser required to file Form PF must complete all or part of section 1. We are adopting amendments to section 1 to provide greater insight into private funds' operations and strategies and to assist in identifying trends, including those that could create systemic risk and which are as such designed to enhance investor protection efforts and systemic risk assessment. The amendments are designed to improve comparability across advisers, improve data quality, and reduce reporting errors, based on our experience with Form PF filings.

### **1. Amendments to Section 1a of Form PF - Identifying Information**

Section 1a requires an adviser to report identifying information about the adviser and the private funds it manages. We are adopting, as proposed, several amendments to collect additional identifying information regarding the adviser, its related persons, and their private fund assets under management.

*Legal entity identifiers.* We are adopting, as proposed, amendments to the definition of "LEI" to exclude the use of any non-LEI identifier, such as an RSSD ID, as a substitute for LEI. Legal entity identifiers, or "LEIs," help identify entities and link data from different sources that use LEIs.<sup>85</sup> These amendments will improve data quality because, based on our experience with the current form, reporting RSSD IDs as LEIs makes it more difficult for our staff to link data efficiently and effectively.

Current Form PF requires advisers to report the LEI for certain entities, such as for the reporting fund, and any parallel funds if they have an assigned LEI. It currently instructs advisers, in the case of an entity that is a financial institution and does not have an assigned LEI, to provide the RSSD ID assigned to the financial institution by the National Information Center

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<sup>85</sup> Form PF generally defines "LEI" as, with respect to any company, the "legal entity identifier" assigned by or on behalf of an internationally recognized standards setting body and required for reporting purposes by the U.S. Department of the Treasury's Office of Financial Research or a financial regulator. See Form PF Glossary of Terms (definition of "LEI").

of the FRB.<sup>86</sup> We are adopting an amendment to the definition of “LEI” to remove the instruction that an adviser provide an RSSD ID with respect to an entity that is a financial institution and that has not been assigned an LEI. Accordingly, an adviser will no longer be permitted to substitute an RSSD ID or any other financial identifier for any requirement in Form PF to provide an LEI, if one has been assigned.<sup>87</sup> An adviser may continue to use an RSSD ID, if the financial institution has one, or another financial identifier for any question that requires an adviser to report other identifying information, where the form of identifying information is not specified.<sup>88</sup>

We are also adopting, as proposed, an amendment to require advisers to provide LEIs for themselves and their “related persons,” if they have an LEI.<sup>89</sup> This amendment will help identify advisers and their related persons and link data from other data sources that use LEI as an identifier.

One commenter supported an expanded use of LEI as a legal identifier in Form PF and stated that more comprehensive inclusion of LEI would create a more complete identification scheme for the Commissions.<sup>90</sup> The commenter also stated that the LEI field in the existing Form PF should be used only for an LEI and not substitute any other identifier for an LEI.<sup>91</sup> The commenter also supported the creation of a separate field for the RSSD ID.<sup>92</sup> Another

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<sup>86</sup> Currently, if an adviser has not been assigned an LEI and does not have an RSSD ID, then the adviser would leave that line blank.

<sup>87</sup> See, e.g., Questions 5(d) and 7(e).

<sup>88</sup> See, e.g., Question 9(c). We also added “RSSD ID” to the Form PF Glossary of Terms and have defined it as the identifier assigned by the National Information Center of the Board of Governors of the Federal Reserve System, if any. See Form PF Glossary of Terms.

<sup>89</sup> See Question 1. We are also adopting amendments to require advisers to provide the LEI for other entities, if the other entities have one, including internal private funds (see Question 7 and Question 15), trading vehicles (see Question 9), and counterparties (see Question 27 and Question 28). A “related person” has the meaning provided in Form ADV. See Form PF Glossary of Terms. Form ADV defines a “related person” as any advisory affiliate and any person that is under common control with the adviser. See Form ADV Glossary of Terms.

<sup>90</sup> See GLEIF Comment Letter.

<sup>91</sup> See *id.*

<sup>92</sup> *Id.*

commenter stated that requirements in Form PF to use a particular financial identifier may increase costs and reduce innovation and competition among financial identifier providers and that increased competition among financial identifiers would improve overall transparency and data quality and reduce costs.<sup>93</sup> As stated above, based on our experience with the current form, however, permitting the reporting of other financial identifiers (namely, RSSD IDs) as LEIs has generally made it more difficult for our staff to link data efficiently and effectively. The amendments to the “LEI” definition will thus improve data quality and comparability on Form PF, which supports effective assessment of systemic risk and investor protection efforts. Additionally, Form PF continues to not require an adviser to obtain or use LEI or any other particular financial identifier (other than private fund identification numbers for reporting funds), as our amendments provide only that any identifier that does not meet the definition of “LEI” may not be substituted for an LEI where a question requests an LEI. Form PF continues to permit advisers to use other financial identifiers elsewhere on Form PF where the reporting of LEI is either not specified or not required. The amendments to Form PF we are adopting do not require any entity that does not already have an LEI to obtain one and clarifies that an identifier that does not meet the “LEI” definition may not be substituted for an LEI where an LEI, if available, is requested on Form PF.

*Assets under management.* We are adopting, substantially as proposed, amendments to Question 3 to revise how advisers report assets under management attributable to certain private funds. Current Question 3 requires advisers to provide a breakdown of regulatory assets under management and net assets under management. These data are designed to show the size of the adviser and the nature of the adviser’s activities. We did not receive comment on the proposed amendments to Question 3. We are amending the instructions to direct advisers to exclude the value of private funds’ investments in other internal private funds to avoid double counting of

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<sup>93</sup> See Comment Letter of Bloomberg, L.P. (Oct. 13, 2022) (“Bloomberg Comment Letter”).

fund of funds assets, as proposed.<sup>94</sup> Advisers are required to include the value of trading vehicle assets because, under the amended instructions for reporting trading vehicle assets, as discussed more fully in section II.A.2 above, advisers are required to “look through” the reporting fund’s investment in any trading vehicles.<sup>95</sup> We did not receive comment on the proposed change in instructions to Question 3. These amendments are designed to provide a more accurate view of the assets managed by the adviser and its related persons, as well as the general distribution of those assets among various types of private funds, because accurately viewing the scale of these managed assets is important to effectively assess systemic risk and further investor protection efforts.

*Explanation of assumptions.* We are amending, as proposed, Question 4, which advisers use to explain assumptions that they make in responding to questions on Form PF, to add an instruction directing advisers to provide the question number when the assumptions relate to a particular question. We did not receive comments on this change. This amendment is designed to help assess data more efficiently and improve comparability, based on experience with the form.

We asked in the proposal whether there are other data sources we should use to link entities across forms and to assess data more efficiently. In a further modification from the proposal, we are adopting an amendment to require an adviser to indicate whether it, or any of its related persons, is registered or required to be registered as a CPO and/or a CTA and to provide the legal name of the entity.<sup>96</sup> This information will help more accurately and efficiently identify dual registrants, including those that might be implicated in the identification of threats to financial stability, increase the usefulness and interoperability of the data collected by the

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<sup>94</sup> See Question 3.

<sup>95</sup> *Id.* We have also modified the proposed instructions to Question 3 to remove a reference to the proposed requirement to report trading vehicles on a disaggregated basis, which we are not adopting in this Release. See also Form PF Glossary of Terms.

<sup>96</sup> See Question 1(c).

Commissions on Form PF and by the CFTC on Form CPO-PQR, and facilitate collaboration between the Commissions with respect to dual registrants.

## **2. Amendments to Section 1b of Form PF - Concerning All Private Funds**

Section 1b requires advisers to report certain identifying and other basic information about each private fund the adviser manages. We are adopting, largely as proposed, amendments to section 1b to require advisers to report additional identifying information about the private funds they manage as well as other basic information about the private funds' assets, financing, investor concentration, and performance. The amendments are designed to provide greater insight into private funds' operations and strategies and assist in identifying trends, which will enhance investor protection efforts and FSOC's systemic risk assessment. At the same time, the amendments will help improve data quality and comparability, based on our experience with Form PF.

*Type of private fund.* We are adopting several amendments to identify different types of reporting funds more effectively and to help better isolate data according to fund type, in order to allow for more targeted analysis. Currently, advisers indicate a reporting fund's type on the Private Fund Reporting Depository ("PFRD") filing system, and by filling out particular sections of the form, but they do not report on the form itself the type of fund.<sup>97</sup> We have found instances, however, where advisers have identified a reporting fund differently on Form PF than on Form ADV, even though the definitions of each fund type are the same on both forms. This may be due to error, or may be due to the fund's characteristics changing between deadlines for Form ADV and Form PF. Accordingly, to help prevent reporting errors and help ensure accuracy concerning the reporting fund's type, we are adopting, as proposed, amendments to

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<sup>97</sup> For advisers that are also CPOs or CTAs, filing Form PF through PFRD is filing with both the SEC and CFTC. See Instruction 3 (instructing advisers to file particular sections of Form PF, depending on their circumstances. For example, all Form PF filers must file section 1 and large hedge fund advisers also must file section 2).

require advisers to identify the reporting fund by selecting one type of fund from the following list: hedge fund that is not a qualifying hedge fund, qualifying hedge fund, liquidity fund, private equity fund, real estate fund, securitized asset fund, venture capital fund, or “other.”<sup>98</sup> If an adviser identifies the reporting fund as “other,” the adviser will be required to describe the reporting fund in Question 4, including why it would not qualify for any of the other options. We did not receive comments on this amendment. This amendment will further improve data quality and data comparability, based on our experience with Form PF.

In addition, we are adopting, as proposed, amendments to require an adviser to indicate whether the reporting fund is a “commodity pool,” which is categorized as a hedge fund on Form PF.<sup>99</sup> Although the CFTC does not, as of the date of this Release, consider Form PF reporting on commodity pools as constituting substituted compliance with CFTC reporting requirements, some CPOs may continue to report such information on Form PF.<sup>100</sup> This amendment will allow for analysis of hedge fund data both with and without commodity pools reported on the form. One commenter opposed the existing default treatment of a commodity pool as a hedge fund for purposes of Form PF and recommended allowing an adviser to categorize a commodity pool in the manner it determines most appropriate.<sup>101</sup> The amendment we are adopting will improve data quality and comparability, based on our experience with Form PF, and enhance our understanding of the hedge fund data collected from Form PF by allowing for analysis of hedge fund data both including and excluding CPOs. Additionally, as it relates to the treatment of commodity pools as hedge funds for reporting purposes, such treatment further aligns the

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<sup>98</sup> Question 6(a).

<sup>99</sup> Question 6(b). Form PF defines “commodity pool” as defined in section 1a(10) of the U.S. Commodity Exchange Act, as amended. *See* Form PF Glossary of Terms.

<sup>100</sup> Previously, the CFTC permitted dually registered CPO-investment advisers to submit Form PF in lieu of certain CFTC reporting requirements. *See* Compliance Requirements for Commodity Pool Operators on Form CPO-PQR (Oct. 9, 2020) [85 FR 71772 (Nov. 10, 2020)] (“Form CPO-PQR Release”).

<sup>101</sup> *See* MFA Comment Letter II.

consistency of questions asked across these entities, both on Form PF, as well as on the CFTC's Form CPO-PQR.

Finally, we are adopting, with a modification from the proposal, amendments to require advisers to report whether a reporting fund operates as a UCITS or AIF.<sup>102</sup> One commenter supported the requirement to report whether a fund is a UCITS or AIF and where a fund is domiciled, but not where the fund is “marketed,” because a fund could be marketed anywhere and a fund’s marketing activity may change over time.<sup>103</sup> Another commenter recommended that references to “marketing” be reconsidered, because “marketing” is a defined term in the UCITS Directive applicable to a UCITS and in the AIFMD and UK AIFMR applicable to an AIF, and these definitions may differ in meaning from the rule’s references to “marketing.”<sup>104</sup> This commenter also stated that the references to “marketing” in the sense of rule 206(4)-1 and concepts of “offers” or “sales” under the Securities Act of 1933 would be confusing in this question if the purpose of the proposed question is to determine whether a fund calls itself a money market fund or an equivalent term to prospective investors outside of the United States.<sup>105</sup> After considering comments, we are modifying the question from the proposal to require reporting of a fund that “offers,” rather than “markets,” itself as a money market fund outside the United States. This modification will more precisely capture the type of conduct that we intend to trigger a reporting requirement, and uses a term that we believe is commonly understood by

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<sup>102</sup> See Questions 6(c) through (f). We are adopting, as proposed, a definition for the term “UCITS” as Undertakings for Collective Investment in Transferable Securities, as defined in the UCITS Directive of the European Parliament and of the Council (No. 2009/65/EC), as amended, or as captured by the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019, as amended. We are adopting, as proposed, a definition for the term “AIF” as an alternative investment fund that is not regulated under the UCITS Directive, as defined in the Directive of the European Parliament and of the Council on alternative investment fund managers (No. 2011/61/EU), as amended, or an alternative investment fund that is captured by the Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019, as amended. See Form PF Glossary of Terms.

<sup>103</sup> See SIFMA Comment Letter.

<sup>104</sup> See AIMA/ACC Comment Letter.

<sup>105</sup> *Id.*

the industry, and which we accordingly disagree would be confusing.<sup>106</sup> Further, the modification will be less burdensome on advisers than the proposed use of “marketing” by clarifying the scope of information required to be reported and requiring a more limited subset of conduct to be reported. For example, a money market fund may engage in certain conduct that constitutes marketing in a particular jurisdiction but not an offering for purposes of the form.

One commenter stated that proposed Question 6(c) would not enhance the Commissions’ knowledge about exposures to non-U.S. beneficial owners that is not already included in proposed Question 22 on Form PF.<sup>107</sup> Question 6(c), however, is not intended to elicit the same information about exposures to non-U.S. beneficial owners as proposed Question 22, as discussed further below in section II.B.3. The amendments to Question 6 relate to the conduct and operations of the reporting fund, which are designed to allow the Commissions and FSOC to filter data for more targeted analysis to better understand to what extent and in what jurisdictions a reporting fund operates outside of the United States. This information can help the Commissions better understand the private fund’s potential exposure to beneficial owners outside the United States and to identify potential systemic risk resulting from economic conditions or events in particular foreign jurisdictions. This reporting will also help avoid double counting when Form PF data is aggregated with other data sets that include UCITS, AIFs, and money market funds that are offered outside the United States. Proposed Question 22, as discussed further below in section II.B.3, requires an adviser to report more granular information about the fund’s beneficial owners, including the percentage of beneficial owners that are non-U.S. persons.<sup>108</sup>

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<sup>106</sup> “Offer” is defined in the Securities Act as “every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value.” 12 U.S.C. 77b(a)(3). For purposes of this question, activity may constitute an “offer” under this definition whether or not the offering is subject to the registration requirements of the Securities Act.

<sup>107</sup> AIMA/ACC Comment Letter.

<sup>108</sup> *See* Question 22.

The amendments will improve the data we collect on fund operations and help us better understand a fund’s potential exposure to beneficial owners outside the United States. The additional information is necessary for a more targeted analysis of risks presented in the United States from risks presented abroad.<sup>109</sup> Another commenter stated that the proposed amendments do not specify what conduct constitutes operating as a UCITS or how to determine where a fund operates.<sup>110</sup> A UCITS operates under the laws mandated by the member country of its headquarters when it is qualified as a UCITS and authorized by that jurisdiction. This commenter also stated that the meaning of money market fund in Question 6(g) is unclear, particularly for funds that are established and operate as money market funds outside of the United States. For purposes of this question, we have removed reference in Question 6 to the defined term “money market fund” as included in the Form PF Glossary of Terms, which continues to have the meaning provided in rule 2a-7 under the Investment Company Act.<sup>111</sup> Instead, in a modification from the proposal, we have amended Question 6 to specify that a money market fund for purposes of Question 6 includes money market funds more generally, including those that operate outside of the United States in accordance with applicable non-U.S. laws, rather than being limited to only “money market funds” as defined in Form PF.

*Master-feeder arrangements, internal private funds, external private funds, and parallel fund structures.* We are adopting, as proposed, amendments to Form PF to require advisers to report identifying information about master-feeder arrangements and other private funds (e.g., funds of funds), including internal private funds, and external private funds.<sup>112</sup> These changes to

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<sup>109</sup> See Fact Coalition Comment Letter (discussing the importance of collecting information on exposures outside of the United States).

<sup>110</sup> AIMA/ACC Comment Letter.

<sup>111</sup> See Form PF Glossary of Terms (definition of “money market fund”).

<sup>112</sup> For master-feeder arrangements, advisers will be required to report the name of the feeder fund, its private fund identification number, and whether the feeder fund is a separate reporting fund or a disregarded feeder fund. For internal private funds that invest in the reporting fund, advisers will be required to report the name of the internal private fund, its LEI, if it has one, and its private fund identification number. See Question 7. If the reporting fund invests in external private funds, advisers will be required to report the name of the master fund, its

the form reflect that advisers will be required to report components of master-feeder arrangements and parallel fund structures separately, as discussed more fully in section II.A.1 above. Form PF currently requires advisers to report identifying information about parallel funds, and will continue to do so under the amended Form PF.<sup>113</sup> The amendments will also require advisers to report the value of the reporting fund's investments in other private funds (*e.g.*, for funds of funds) in more detail than is currently required.<sup>114</sup> Specifically, the amendments will require advisers to report the value of the reporting fund's equity investments in external private funds and internal private funds (including the master fund and each internal private fund), which together make up the total investments in other private funds.<sup>115</sup> These amendments are designed to help map complex fund structures and cross reference private fund information more effectively across Form PF filings, in order to provide more complete and accurate information about each fund's risk profile.

In connection with these amendments, in the Form PF Glossary of Terms, we are removing the terms "investments in external private funds" and "investments in internal private funds," and replacing them with the terms "external private funds" (*i.e.*, private funds that neither the adviser nor the adviser's related persons advise) and "internal private funds" (*i.e.*, private funds that the adviser or any of the adviser's related persons advise), respectively. The definitions do not direct advisers to exclude "cash management funds," as is currently the case under the terms being removed, because we have observed that advisers determine whether a fund is a cash management fund inconsistently for purposes of Form PF, which reduces data quality.

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private fund identification number, and the master fund's LEI, if it has one. If the reporting fund invests in internal private funds, advisers will be required to report the internal private fund's name, its private fund identification number, and its LEI, if it has one. *See* Question 15.

<sup>113</sup> *See* Question 7 and Question 8.

<sup>114</sup> *See* Question 15.

<sup>115</sup> *Id.*

As discussed more fully above in section II.A.1, some commenters supported requiring disaggregated reporting of master-feeder arrangements and parallel fund structures, stating that it will allow the Commissions to identify potential systemic risk more effectively and increase the transparency of private fund holdings.<sup>116</sup> Other commenters opposed the proposed amendments to require reporting of the components of parallel funds and master-feeder funds separately.<sup>117</sup> We did not however receive specific comment on the proposed definitional changes. One commenter recommended including an exclusion in Questions 15(a) and 15(b), similar to the exclusion in Question 15(c), to avoid potentially double counting any master funds that are external private funds.<sup>118</sup> We believe the instruction in Question 15(c) to exclude any funds disclosed in Question 15(b) is sufficient to avoid any double counting of assets in this set of questions.<sup>119</sup> These amendments will improve data quality and comparability, based on our experience with Form PF and in light of adopted changes to master-feeder and parallel fund structure reporting on Form PF.

*Withdrawal or redemption rights.* We are also adopting, with modifications from the proposal, as specified below, amendments to change how advisers report withdrawal and redemption rights. Form PF currently requires only large hedge fund advisers to report whether each qualifying hedge fund provides investors with withdrawal or redemption rights in the ordinary course.<sup>120</sup> We proposed adding a new Question 10(a) which would generally require all advisers to report whether a reporting fund provides investors with withdrawal and/or redemption rights in the ordinary course.<sup>121</sup> In a modification from the proposal, we are adopting

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<sup>116</sup> See, e.g., Better Markets Comment Letter; NASAA Comment Letter.

<sup>117</sup> See, e.g., AIC Comment Letter I; AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>118</sup> See AIMA/ACC Comment Letter.

<sup>119</sup> We do not believe an instruction in Question 15(c) to exclude funds reported in Question 15(a) is necessary because Question 15(a) relates to external private funds only.

<sup>120</sup> See current Question 49(a).

<sup>121</sup> See proposed Question 10(a).

a modified Question 10, which instead requires all advisers to indicate whether the reporting fund is an open-end private fund in Question 10(a) or a closed-end private fund in Question 10(b).

We are relatedly adopting new defined terms for “open-end private fund” and “closed-end private fund” and modifying Question 10 to ask whether the reporting fund is an “open-end private fund” or “closed-end private fund,” rather than whether the reporting fund provides investors with withdrawal and/or redemption rights in the ordinary course. In discussing certain aspects of the proposal, some commenters distinguished between open-end and closed-end funds.<sup>122</sup> One commenter indicated that the term “closed-end fund” refers to funds that do not offer withdrawal or redemption rights in the ordinary course.<sup>123</sup> We are defining a “closed-end private fund” as any private fund that only issues securities, the terms of which do not provide a holder with any right, except in extraordinary circumstances, to withdraw, redeem, or require the repurchase of such securities, but which may entitle holders to receive distributions made to all holders *pro rata*.<sup>124</sup> We are defining an “open-end private fund” as a private fund that offers redemption rights to its investors in the ordinary course, which may be paid in cash or in kind, irrespective of redemption frequency or notice periods and without regard to any suspensions, gates, lock-ups, or side pockets that may be employed by the fund.<sup>125</sup> These terms are commonly used in the market, based on staff experience, and will be used in place of the existing question that asks whether the reporting fund provides investors with withdrawal/redemption rights in the ordinary course.

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<sup>122</sup> See, e.g., AIMA/ACC Comment Letter; Comment Letter of Ropes & Gray LLP (Oct. 11, 2022) (“Ropes & Gray Comment Letter”).

<sup>123</sup> AIMA/ACC Comment Letter.

<sup>124</sup> See Form PF Glossary of Terms (definition of “closed-end private fund”). The definition of “closed-end private fund” is adapted from the definition of “venture capital fund” in rule 203(l)-1 under the Advisers Act. See 17 CFR 275.203(l)-1.

<sup>125</sup> See Form PF Glossary of Terms (definition of “open-end private fund”).

Although the proposed question and the adopted question lead to substantively identical results in most cases, the adopted question will improve data quality by more precisely specifying what is meant by “offer[ing] withdrawal and/or redemption rights in the ordinary course” and, accordingly, how an adviser should classify a reporting fund that offers limited withdrawal or redemption rights. In a modification from the proposal, an adviser that selects in Question 10 that the reporting fund is neither an open-end private fund nor a closed-end private fund will be required to provide a detailed explanation of these responses in Question 4.<sup>126</sup> We requested comment on whether we should include an additional category of “other” withdrawal and/or redemption frequency.<sup>127</sup> Some commenters stated that the proposed question 10 was unclear on how to report withdrawal and redemption rights properly, particularly for funds with rights that do not fit within a single frequency category.<sup>128</sup> Instead of including an “other” category, as stated above, advisers that respond “no” to both Questions 10(a) and 10(b) will be required to provide a detailed explanation of these responses in Question 4, which will enable us to understand the circumstances of the fund’s withdrawal and/or redemption rights and will improve data quality. It will also help an adviser that might otherwise feel constrained by these two categories if the fund it advises does not fit into either. We are requiring advisers to identify whether a reporting fund is an open-end private fund or a closed-end private fund to inform the Commissions and FSOC better of all reporting funds’ susceptibility to stress related to investor redemptions, in order to help identify more effectively how widespread the potential stress may be.<sup>129</sup>

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<sup>126</sup> See Questions 10(a) and 10(b).

<sup>127</sup> See 2022 Joint Form PF Proposing Release *supra* footnote 4, at 32.

<sup>128</sup> See, e.g., AIMA/ACC Comment Letter; SIFMA Comment Letter.

<sup>129</sup> To implement this change, we have moved current Questions 49(a) through (e) from section 2b, which required only large hedge fund advisers to report withdrawal and redemption information about qualifying hedge funds, to section 1b, which requires all advisers to report withdrawal and redemption information about all the reporting funds they advise, and we have redesignated Questions 49(a) through (e) as part of new Question 10.

In a modification from the proposal, if the reporting fund is an open-end private fund under Question 10(a), the adviser will be required to indicate (i) how often withdrawals or redemptions are permitted by selecting from a list of categories pursuant to Question 10(c)<sup>130</sup> and (ii) what percentage of the reporting fund's net asset value may be, or is, subject to a suspension of, or material restrictions on, investor withdrawals/redemptions by an adviser or fund governing body pursuant to Question 10(d).<sup>131</sup> The adviser will be required to report this information regardless of whether there are notice requirements, gates, lock-ups, or other restrictions on withdrawals or redemptions.<sup>132</sup> These amendments will allow the Commissions and FSOC to identify more effectively the reporting funds that may be affected by investor withdrawals during certain market events and/or are vulnerable to failure as a result of investor redemptions. This information will also provide insight into other data that all reporting funds report. For example, we understand that closed-end private equity funds may have certain patterns of subscriptions and withdrawals, despite not offering redemption rights in the ordinary course, and also may report performance to investors and prospective investors as an internal rate of return as opposed to as a measure of the changes in the fund's portfolio market value.

One commenter stated that expanding the classes of private funds that are required to disclose withdrawal and redemption rights would allow FSOC to better identify systemic risks, particularly resulting from market events.<sup>133</sup> Another commenter opposed the proposed requirement for all advisers to report on withdrawal and redemption rights, asserting that the data

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<sup>130</sup> See Question 10(c). The categories are: (1) on any business day, (2) at intervals of at least two business days and up to a month, (3) at intervals longer than monthly up to quarterly, (4) at intervals longer than quarterly up to annually, and (5) at intervals of more than one year.

<sup>131</sup> We are redesignating current Questions 49(a) through (e) as new Question 10. Currently, all advisers to qualifying hedge funds that provided investors with withdrawal/redemption rights in the ordinary course are required to respond to Questions 52(a) through (e) in section 2(b). We are moving proposed Questions 52(a) through (e) to section 1(b) and redesignating it as part of new Question 10, so that all advisers to open-end private funds, rather than only advisers to qualifying hedge funds that provide investors with withdrawal/redemption rights in the ordinary course, will need to respond to this question.

<sup>132</sup> For example, if the reporting fund allows quarterly redemptions that are subject to a gate, then the adviser would select "at intervals longer than monthly up to quarterly."

<sup>133</sup> See Fact Coalition Comment Letter.

would be of limited benefit for systemic risk monitoring due to the inclusion of data from smaller funds, as well as that the types of withdrawal and redemption restrictions referenced in proposed Question 10(b) (which has been redesignated as Question 10(c)) do not reflect the practices of many hedge funds.<sup>134</sup> A private fund of any size that provides for withdrawal or redemption rights may be affected by increased investor withdrawals during certain market events and/or vulnerable to failure as a result of investor redemptions. This reporting will allow the Commissions and FSOC to assess withdrawal and redemption patterns to identify potential signals of stress at a particular fund or across many funds, or related to a particular investment strategy or strategies, which is relevant for assessing broader systemic risk. Information on withdrawal and redemption rights from all private funds, including smaller private funds or funds that are not included in the definition of a “hedge fund,” will improve FSOC’s ability to monitor potential systemic risk and support the Commissions’ investor protection efforts.

Some commenters stated that the proposed Question 10(b) (which has been redesignated as Question 10(c)) does not address how to report a fund with multiple types of redemption rights.<sup>135</sup> Some commenters recommended permitting an adviser to select multiple options for withdrawal and redemption rights in Question 10.<sup>136</sup> However, it would not support or enhance our data analysis efforts to modify Question 10(c) to allow for multiple selections, given that other questions on Form PF require reporting of a fund’s withdrawal and redemption activity.<sup>137</sup> Instead, we are modifying Question 10(c) to ask for the interval on which withdrawals or redemptions are “most commonly” permitted (*i.e.*, with respect to most investors). We also encourage an adviser to report any additional details on a fund’s withdrawal or redemption schedule in response to Question 4, as appropriate.

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<sup>134</sup> See Schulte Comment Letter.

<sup>135</sup> See, e.g., MFA Comment Letter II; SIFMA Comment Letter; USCC Comment Letter.

<sup>136</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>137</sup> See, e.g., Question 14.

*Trading vehicles.* We are adopting, with modifications from the proposal as specified below, amendments to require advisers to provide identifying information for any trading vehicle in which the reporting fund holds assets, incurs leverage, or conducts trading or other activities.<sup>138</sup> Advisers will be required to disclose the trading vehicle's legal name; LEI, if it has one; and any other identifying information about the trading vehicle, such as the RSSD ID, if it has any. In a change from the proposal, an adviser will also be required to specify if the reporting fund holds assets through a trading vehicle, incurs leverage through a trading vehicle, or conducts trading or other activities through a trading vehicle.<sup>139</sup> As discussed above, the final amendments will include specific questions to target specified information related to a reporting fund's use of trading vehicles, leveraging information used to answer Questions 9(a) through (c), as opposed to requiring a full separate reporting on Form PF for trading vehicles.<sup>140</sup> These questions are intended to identify what conduct requires the vehicle to be reported as a trading vehicle for purposes of Form PF and will help improve our understanding of a reporting fund's trading vehicle use. This amendment will help the Commissions and FSOC understand the reporting fund's activities, including how it interacts with the market if the fund trades through a trading vehicle, as well as its related counterparty exposures. The identifying information will also allow comparisons of Form PF data with data from other sources that use such information to identify entities. Enhancing the ability to compare Form PF data in this way, including with respect to the use of trading vehicles, will provide a more comprehensive view of the market that enhances systemic risk assessment and our investor protection efforts.

As discussed more fully above in section II.A.2 of this Release, we received comments regarding proposed Instruction 7 regarding the proposed disaggregated reporting of trading vehicles. One commenter recommended that a threshold question of whether the reporting fund

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<sup>138</sup> See Question 9.

<sup>139</sup> See Questions 9(d) through (f).

<sup>140</sup> See *supra* section II.A.2 of this Release for further discussion.

uses a trading vehicle should be added to proposed Question 9.<sup>141</sup> Such an instruction is not necessary because it is generally understood that an adviser may leave blank any inapplicable question.

*Gross asset value and net asset value.* We are adopting, with changes from the proposal, several amendments to the way advisers report gross asset value and net asset value. We are adopting amendments to require large hedge fund advisers and large liquidity fund advisers to report net asset value and gross asset value (or, if such values are not calculated monthly, the reporting fund aggregate calculated value and the gross reporting fund aggregate calculated value, respectively) as of the end of each month of the reporting period in their quarterly filings, rather than only reporting the information as of the end of the reporting period, as Form PF currently requires.<sup>142</sup> This amendment is designed to facilitate analysis of other monthly Form PF data, including certain fund performance and risk metrics.<sup>143</sup>

Some commenters expressed concerns that calculating net asset value (or gross asset value) on a monthly basis would be overly burdensome.<sup>144</sup> Another commenter asserted that the net asset value or gross asset value of a fund or a fund's investments may not be available on a monthly basis in the case of investments made into other funds or entities that are not advised by the filer or its related persons, in which case the timing of the reporting may not match a monthly

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<sup>141</sup> AIMA/ACC Comment Letter.

<sup>142</sup> See Questions 11 and 12. We also are adopting amendments to the instructions in Question 11 to correspond with the instructions that no longer allow advisers to aggregate master-feeder arrangements, as discussed above. In a modification from the proposal, we are adding an instruction to specify that for feeder funds responding to Questions 11 and 12, the gross asset value or gross reporting fund aggregate calculated value and net asset value or reporting fund aggregate calculated value calculations should be inclusive of its equity holdings in the master fund, along with its other holdings, to more accurately represent the value of the feeder fund's holdings.

<sup>143</sup> See, e.g., Question 23 (requiring all private fund advisers to report monthly performance data, to the extent such results are calculated for the reporting fund).

<sup>144</sup> See, e.g., MFA Comment Letter II.

reporting obligation.<sup>145</sup> One commenter recommended requiring reporting on net asset value and gross asset value on a quarterly, rather than monthly, basis to lessen the burden on advisers.<sup>146</sup>

Monthly asset value data is important to allow analysis of other monthly basis data collected on Form PF for systemic risk monitoring and to support our investor protection efforts. However, after considering comments, and in a change from the proposal, an adviser may report in response to Questions 11 and 12 a fund's "gross reporting fund aggregate calculated value" ("GRFACV") or "reporting fund aggregate calculated value" ("RFACV"), rather than gross asset value or net asset value, respectively and as applicable, if its net asset value and gross asset value are not calculated on a monthly basis.<sup>147</sup> Permitting an adviser to report GRFACV or RFACV will reduce the need for advisers to report the net asset value or gross asset value on a monthly basis, as proposed. As discussed more fully below, in connection with proposed amendments to fund performance reporting, we proposed adding a requirement for certain advisers to report additional performance information, including RFACV. We are adding the option for advisers to report RFACV for Question 12 and GRFACV for Question 11 because use of RFACV and GRFACV will reduce burdens on advisers while allowing us to continue to receive useful monthly valuation data to allow for effective systemic risk monitoring and investor protection efforts.<sup>148</sup> RFACV and GRFACV may be calculated using the adviser's own methodologies or those of its service providers, provided that the methodologies used to calculate RFACV and

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<sup>145</sup> See AIMA/ACC Comment Letter.

<sup>146</sup> See MFA Comment Letter II.

<sup>147</sup> The amendments to Form PF adopted in the May 2023 SEC Form PF Amending Release, *supra* footnote 4, adopted a definition for "reporting fund aggregate calculated value." RFACV is defined as every position in the reporting fund's portfolio, including cash and cash equivalents, short positions, and any fund-level borrowing, with the most recent price or value applied to the position for purposes of managing the investment portfolio. See Form PF Glossary of Terms (definition of "reporting fund aggregate calculated value"). Because we are now, after considering comments, adding the new GRFACV term, we are also modifying the definition of RFACV to clarify that it is a signed (*i.e.*, positive or negative) value where all positions are summed. GRFACV, which is used solely in Question 11 is calculated in the same manner as RFACV, except that instead of summing each position's signed value, GRFACV converts each position's value to an absolute value prior to summing these absolute values.

<sup>148</sup> This change is also consistent with the recent amendments adopted by the SEC which require a large hedge fund adviser to monitor and in certain instances report, the fund's RFACV in compliance with its current reporting obligation. See May 2023 SEC Form PF Amending Release, *supra* footnote 4.

GRFACV are consistent with information reported internally.<sup>149</sup> Advisers will be required to indicate whether the reported data represents RFACV or GRFACV, rather than a net asset value or gross asset value, as applicable, to maintain data comparability. Requiring monthly data will help facilitate analysis of the other monthly data reported on Form PF, such as fund performance, and help identify trends for systemic risk analysis and investor protection efforts.

We also are adopting, as proposed, amendments to add new Question 13, which requires advisers to separately report the value of unfunded commitments included in the net and gross asset values reported in Questions 12 and 11.<sup>150</sup> Advisers that provide an RFACV or GRFACV in response to Questions 12 and 11 will report the value of unfunded commitments that are included in the RFACV or GFRACV figures. Current Questions 8 and 9 (which have been replaced by Questions 11 and 12) require valuations based on the instruction in Form ADV for calculating regulatory assets under management, which requires advisers to include the amount of any unfunded commitments.<sup>151</sup> This approach reflects that, in the early years of a private fund's life, its adviser typically earns fees based on the total amount of capital commitments, which we presume reflects compensation for efforts expended on behalf of the fund in preparation for the investments.<sup>152</sup> The asset value calculations in Questions 11 and 12 should include unfunded commitments, so that Form PF data is comparable to Form ADV data.

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<sup>149</sup> See Form PF Glossary of Terms. Advisers will continue to be required to report gross asset value and net asset value as of the end of the reporting period. See current Questions 8 and 9, which have been redesignated as Questions 11(a) and 12(a).

<sup>150</sup> We are adopting amendments to the definition of “unfunded commitments” as committed capital that has not yet been contributed to the reporting fund by investors. Currently, the definition refers only to private equity funds, and we are adopting amendments to amend the definition to refer to all reporting funds. Form PF defines “committed capital” as any commitment pursuant to which a person is obligated to acquire an interest in, or make capital contributions to, the private fund. See Form PF Glossary of Terms.

<sup>151</sup> Form PF requires advisers to calculate gross asset value and net asset value using regulatory assets under management, a regulatory metric from Form ADV. See “gross asset value” and “net asset value” as defined in Form PF Glossary of Terms; Form ADV: Instructions for Part 1A, Instruction 5.b. An adviser must calculate its regulatory assets under management on a gross basis, that is, without deduction of any outstanding indebtedness or other accrued but unpaid liabilities. In addition, an adviser must include the amount of any uncalled capital commitments made to a private fund managed by the adviser.

<sup>152</sup> Rules Implementing Amendments to the Investment Advisers Act of 1940, Advisers Act Release No. 3221 (June 22, 2011) [76 FR 42950, 42956 (July 19, 2011)], at text accompanying n.90.

However, there are circumstances where understanding the amount represented by unfunded commitments will enhance our understanding of changes to a reporting fund's net and gross asset value over time, inform us of trends, and improve data comparability over the life of the fund. For example, knowing the value of uncalled commitments will help the Commissions and FSOC more accurately identify the leverage of a fund with uncalled commitments. We did not receive specific comment on the proposed addition of Question 13. We continue to believe that receiving this information on uncalled commitments will improve data accuracy and comparability, which is important for effective systemic risk assessment and investor protection efforts.

*Inflows and outflows.* We are adopting, as proposed, an amendment to add a question requiring advisers to report information concerning the reporting fund's activity, including contributions to the reporting fund, as well as withdrawals and redemptions, which includes all withdrawals, redemptions, or other distributions of any kind to investors.<sup>153</sup> Amended Form PF specifies that, for purposes of the question, advisers must include all new contributions from investors and exclude contributions of committed capital that they have already included in gross asset value calculated in accordance with Form ADV instructions.<sup>154</sup> Large hedge fund advisers and large liquidity fund advisers are required to provide this information for each month of the reporting period. This requirement will facilitate analysis of other monthly Form PF data, including certain fund performance and risk metrics, improve data accuracy, and allow the Commissions and FSOC to analyze data more efficiently. Inflows and outflows inform the Commissions and FSOC of the relationship between flows and performance, changes to net and gross asset value, as well as trends in the private fund industry. Accordingly, this question will provide a more accurate baseline understanding of inflows and outflows, so the Commissions

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<sup>153</sup> See Question 14.

<sup>154</sup> Form PF, as amended, cites to Form ADV, Part 1A Instruction 6.e.(3).

and FSOC can, for example, more accurately assess how much the private fund industry has grown from flows versus performance. Inflows and outflows also can indicate funding fragility, which can have systemic risk implications. Therefore, this amendment will provide more accurate data of inflows and outflows for systemic risk assessment and investor protection efforts, including identifying activity that may not match investor disclosures.

One commenter stated that recent global events have demonstrated the importance of FSOC's assessment of the potential systemic risks created by inflows into private investment markets.<sup>155</sup> Another commenter stated that reporting inflows and outflows on a monthly basis would create additional burdens with limited benefits for systemic risk monitoring purposes and recommended an annual reporting requirement.<sup>156</sup> However, based on our experience, receiving fund activity data on a monthly basis for large hedge fund advisers is important for systemic risk analysis and investor protection efforts. Currently, large hedge fund advisers file quarterly but only report changes in inflows or outflows on an annual basis, which causes this data to be stale and less effective than more frequently reported data for monitoring systemic risk. We also currently cannot differentiate between changes in value resulting from performance and changes in value resulting from inflows and outflows. Inflow and outflow information on a monthly basis will allow us to better understand the meaning of interim changes in investment inflows and outflows that may be relevant to systemic risk assessment. We also understand that advisers generally maintain this information on a monthly basis for internal recordkeeping purposes.

*Base currency.* We are adopting, as proposed, amendments to require all advisers to identify the base currency of all reporting funds, rather than only requiring large hedge fund advisers to identify this information for qualifying hedge funds.<sup>157</sup> As discussed more fully in

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<sup>155</sup> Fact Coalition Comment Letter.

<sup>156</sup> Schulte Comment Letter.

<sup>157</sup> To implement this, current Question 31 has been redesignated as Question 17 and has been moved from existing section 2b, which required only large hedge fund advisers to report information about qualifying hedge

section II.D below, Instruction 15 will continue to require all advisers to convert monetary values reported on the form to U.S. dollars for any reporting fund that uses a base currency other than U.S. dollars.<sup>158</sup> The Commissions and FSOC are able to currently identify whether monetary value information has been converted from another base currency and whether there may have been inconsistencies in the converted information only with respect to qualifying hedge funds reported by large hedge fund advisers in response to current Question 31. Therefore, this change will allow the Commissions and FSOC to interpret more accurately responses to questions regarding foreign exchange exposures and the effect of changes in currency rates on all reporting fund portfolios, which will aid systemic risk assessment and investor protection efforts across all reporting fund portfolios.

Although we received comments regarding the proposed amendment to require advisers to report using U.S. dollars for any private fund that has a base currency other than U.S. dollars,<sup>159</sup> we did not receive comments to the proposed amendment to require all advisers to report the reporting fund's base currency. We continue to believe our adopted approach will allow for more accurate responses to other questions on Form PF regarding currency exposures and improve data comparability to aid systemic risk assessment and our investor protection efforts.<sup>160</sup>

*Borrowings and types of creditors.* We are adopting, largely as proposed, amendments to revise how advisers report the reporting fund's "borrowings." First, we are revising the term "borrowings" to (1) specify that it includes "synthetic long positions," which is defined in the

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funds, to section 1b, which requires all advisers to report information about all the reporting funds they advise. *See* Question 17.

<sup>158</sup> *See* Instruction 15. We are revising, as proposed, Instruction 15 to provide additional instructions concerning currency conversions. *See* section II.D (Amendments to Enhance Data Quality) of this Release.

<sup>159</sup> *See infra* section II.D of this Release.

<sup>160</sup> As discussed more fully below in section II.C.2.a, we are also adopting amendments to require currency exposure reporting for qualifying hedge fund advisers.

Glossary of Terms, and (2) provide a non-exhaustive list of types of borrowings.<sup>161</sup> This reporting approach is consistent with SEC staff Form PF Frequently Asked Questions.<sup>162</sup> This amendment is designed to improve data quality, based on our experience with the form.

Some commenters stated that it is not clear how an adviser should report cross-collateralized agreements.<sup>163</sup> A modification to the instructions to address this comment is not warranted. The instructions to Questions 26 and 41,<sup>164</sup> as applicable, specify how margin for these arrangements should be reported. For example, the instructions to these questions indicate that the adviser is to classify borrowing and collateral received and lending and posted collateral according to type and the governing legal agreement, such as a prime brokerage or other brokerage agreement, for cash margin and securities lending and borrowing. Additionally, the instructions for each of these questions allow respondents to indicate whether cross margining is in effect and indicate how to treat the collateral in such cases. One commenter stated that the Commissions should establish a threshold for when a position is considered “deep-in-the-money” and recommended including a definition for “deep-in-the-money” positions in the definitions of “synthetic long position” and “synthetic short position.”<sup>165</sup> In consideration of this comment and in order to improve data quality, we are revising the definitions of the “synthetic long position” and the “synthetic short position” to more clearly specify, as an example, that a

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<sup>161</sup> “Borrowings” include, but are not limited to (1) cash and cash equivalents received with an obligation to repay; (2) securities lending transactions (count cash and cash equivalents and securities received by the reporting fund in the transaction, including securities borrowed by the reporting fund for short sales); (3) repo or reverse repo (count cash and cash equivalents and securities received by the reporting fund); (4) negative mark-to-market of derivative transactions from the reporting fund’s point of view; and (5) the gross notional value of “synthetic long positions.” The term “synthetic long position” is defined in the Form PF Glossary of Terms. We are adopting, with modifications from the proposal, the definition of “synthetic long position” based on our understanding of the instruments and to help ensure data quality to aid comparability.

<sup>162</sup> See SEC staff Form PF Frequently Asked Questions, *available at* <https://www.sec.gov/divisions/investment/pfrd/pfrdfaq.shtml> (“Form PF Frequently Asked Questions”). See Form PF Frequently Asked Question 12.1 (which provides a non-exhaustive list of types of borrowings).

<sup>163</sup> See AIMA/ACC Comment Letter; USCC Comment Letter.

<sup>164</sup> For hedge funds, other than qualifying hedge funds, advisers complete Question 26. For qualifying hedge funds, advisers complete Question 41.

<sup>165</sup> MFA Comment Letter II.

position with a delta of 98% or higher is considered to be “deep-in-the-money.”<sup>166</sup> Based on our experience, we believe that a delta of 98% or higher is typically the most appropriate threshold for both long and short expiry option exposures for reporting purposes and will furthermore be generally consistent with advisers’ expectations and accommodate their internal practices, where many advisers already use a lower threshold. Although other thresholds could potentially be used, a delta of 98% or higher will generally provide us with more reliable and accurate information for systemic risk assessment purposes. If set lower than this level, the threshold could trigger inappropriately due to the impact of the delta’s rate of change (*i.e.*, its gamma) and capture options that should not constitute synthetic short or long positions, such as options with little time left to expiry that may be close to their strike level. If set higher (*e.g.*, to 99%), the threshold could miss longer-dated options that should constitute synthetic short positions, but where the lengthy time to expiry allows the possibility that the options will go unexercised, such that the threshold will not be met, and the options will inappropriately be not included.

Second, we are adopting amendments to Question 18, which requires advisers to report the value of the reporting fund’s borrowings and the types of creditors, to require advisers to indicate whether a creditor is based in the United States and whether it is a “U.S. depository institution,” rather than a “U.S. financial institution” as is currently required.<sup>167</sup> This amendment

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<sup>166</sup> See Form PF Glossary of Terms (definitions of “synthetic long position” and “synthetic short position”).

<sup>167</sup> See Question 18. Form PF defines “U.S. depository institution” as any U.S. domiciled depository institution, including any of the following: (1) a depository institution chartered in the United States, including any Federally-chartered or State-chartered bank, savings bank, cooperative bank, savings and loan association, or an international banking facility established by a depository institution chartered in the United States; (2) banking offices established in the United States by a financial institution that is not organized or chartered in the United States, including a branch or agency located in the United States and engaged in banking not incorporated separately from its financial institution parent, United States subsidiaries established to engage in international business, and international banking facilities; (3) any bank chartered in any of the following United States affiliated areas: U.S. territories of American Samoa, Guam, and the U.S. Virgin Islands; the Commonwealth of the Northern Mariana Islands; the Commonwealth of Puerto Rico; the Republic of the Marshall Islands; the Federated States of Micronesia; and the Trust Territory of the Pacific Islands (Palau); or (4) a credit union (including a natural person or corporate credit union). Form PF defines “U.S. financial institution” as any of the following: (1) a financial institution chartered in the United States (whether Federally-chartered or State-chartered); (2) a financial institution that is separately incorporated or otherwise organized in the United States but has a parent that is a financial institution chartered outside the United States; or (3) a branch or agency that resides outside the United States but has a parent that is a financial institution chartered in the United States. See Form PF Glossary of Terms.

will make the categories more consistent with the categories that the FRB uses in its reports and analysis, which will enhance systemic risk assessment. Advisers are not required to distinguish between non-U.S. creditors that are depository institutions and those that are not. We understand that it is difficult for advisers to distinguish non-U.S. creditors by type, which can result in inconsistent data that is less valuable for analysis. We did not receive specific comment on this amendment.

*Fair value hierarchy.* We are adopting, largely as proposed, a number of amendments to revise how advisers report fair value hierarchy in Question 20, to improve data quality and better understand the reporting fund's complexity and valuation challenges.<sup>168</sup>

First, we are adopting amendments that require advisers to indicate the date on which the categorization was performed. This amendment is designed to show how old the data is. Some advisers report current fair value hierarchy, while others report a prior year's fair value hierarchy if the current data is not yet available.<sup>169</sup> This can cause confusion when analyzing the data, because the fair value hierarchy data concerns a different time period than the other data advisers report on Form PF. Therefore, we believe that adding a categorization date will help prevent the data from being incorrectly categorized as applying to the wrong time period, and in turn, will allow the Commissions and FSOC to correlate data to other Form PF data and market events more accurately. We did not receive specific comment on this amendment.

Second, we are adopting amendments to direct advisers to report the absolute value of all liabilities. Currently, advisers report liabilities inconsistently, with some reporting absolute values and others reporting negative values. This inconsistency causes errors when the

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<sup>168</sup> We have redesignated current Question 14 to Question 20.

<sup>169</sup> Advisers are not required to update information that they believe in good faith properly responded to Form PF on the date of filing even if that information is subsequently revised for purposes of their recordkeeping, risk management, or investor reporting (such as estimates that are refined after completion of a subsequent audit). *See* Instruction 16.

Commissions and FSOC aggregate this data, and the amended instruction will help reduce aggregation errors. We did not receive specific comment on this amendment.

Third, we are adopting amendments to direct advisers to provide an explanation in Question 4 if they report assets as a negative value. We have found that some advisers have reported negative values for assets in error.<sup>170</sup> Therefore, this instruction is designed to reduce inadvertent errors. We did not receive specific comment on this amendment.

Fourth, we are adopting amendments to require advisers to separately report cash and cash equivalents. Currently, Form PF does not explain where advisers must report cash and cash equivalents in current Question 14. SEC staff have recommended that advisers generally should report cash in the cost based column and cash equivalents in the applicable column in the fair value hierarchy or the cost based column, depending on the nature of the cash equivalents, but now we are adding a separate column for cash and cash equivalents.<sup>171</sup> The amended categorization is designed to differentiate reported holdings of cash and cash equivalents from harder-to-value assets that may be valued at cost, and in turn, improve data quality and comparability. We did not receive specific comment on this amendment.

Fifth, we are adopting amendments to the definition of “cash and cash equivalents.” The current definition of “cash and cash equivalents” includes “government securities.”<sup>172</sup> When reporting cash and cash equivalents, some advisers may include government securities with longer maturities, while others do not, which results in inconsistent reporting and may obscure our and FSOC’s understanding of fund exposures. Therefore, to improve data quality, we are removing government securities from the definition of “cash and cash equivalents” and

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<sup>170</sup> We recognize that there may be cases when advisers correctly report negative values, such as when subtracting fund of fund investments.

<sup>171</sup> See Form PF Frequently Asked Question 14.3, Form PF Frequently Asked Questions, *supra* footnote 162.

<sup>172</sup> Form PF defines “government securities” as (1) U.S. Treasury securities, (2) agency securities, and (3) any certificate of deposit for any of the foregoing. See Form PF Glossary of Terms.

presenting government securities as its own line item in the Form PF Glossary of Terms.<sup>173</sup>

Some commenters opposed the proposed removal of government securities from the definition of “cash and cash equivalents,” stating that the revised definition is inconsistent with market practice and internal fund practices, which generally treat government securities as cash equivalents.<sup>174</sup> One commenter recommended that the definition of “cash and cash equivalents” should include U.S. treasury securities with maturity of 90 days or less to the extent that the adviser treats these as cash equivalents.<sup>175</sup> We continue to believe that the removal of all government securities from the definition of “cash and cash equivalents” and requiring reporting of government securities holdings separately will improve data quality and our and FSOC’s understanding of fund holdings. The amended definition is intended to provide more granular detail on a fund’s exposure and is not intended to change any commercial understanding or accounting treatment of cash equivalents or result in any fund investment changes. It is appropriate to require advisers to list *all* government securities, including U.S. treasury securities with maturity of 90 days or less, under a separate category because they represent a different asset type and market that are relevant for purposes of assessing systemic risk.

Further, we are adopting, as proposed, an amendment to the term “cash and cash equivalents” that directs advisers to exclude digital assets when reporting cash and cash equivalents.<sup>176</sup> One commenter recommended that the Commissions clarify how to report an asset that may be reasonably included in multiple categories and stated that, digital assets, as

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<sup>173</sup> We are adopting corresponding amendments to the definition of “unencumbered cash” to reflect that “government securities” are a distinct term from “cash and cash equivalents.” This amendment does not change the meaning of the term “unencumbered cash.” See Form PF Glossary of Terms.

<sup>174</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>175</sup> MFA Comment Letter II.

<sup>176</sup> As discussed further in section II.B.3 of this Release, in a modification from the proposal, we are not adopting the proposed definition of “digital asset.”

proposed to be defined, may overlap with multiple reporting categories.<sup>177</sup> This amendment to the “cash and cash equivalent” definition will facilitate appropriate classifications.

We are adopting amendments to add instructions directing advisers about how to report data if their financial statement’s audit is not yet completed when Form PF is due. The instructions state that advisers should use the estimated values for the fiscal year and explain that the information is an estimate in Question 4. The instructions also provide that the adviser may, but is not required to, amend Form PF when the audited financial statements are complete.<sup>178</sup> The instructions are consistent with responses to Form PF Frequently Asked Questions and are designed to provide the Commissions and FSOC with more recent information regarding the reporting fund than may be possible if the reporting fund relied solely on audited financial statement information (*i.e.*, the reporting fund’s previous fiscal year’s audited financial statements).<sup>179</sup> Given that advisers file Form PF sometimes months after their quarter and year ends, depending on their size and the type of funds they advise, the amended instruction balances reporting burdens with the need for more timely information for assessing potential systemic risk and investor protection concerns. We did not receive specific comment on this amendment.

*Beneficial Ownership of the Reporting Fund.* Form PF currently requires advisers to specify the approximate percentage of the reporting fund’s equity that is beneficially owned by different groups of investors. We are redesignating current Question 16 as Question 22 and amending the question, as proposed, to require advisers to provide more granular information regarding the following groups of beneficial owners.

- Advisers will be required to indicate whether beneficial owners that are broker-dealers, insurance companies, non-profits, pension plans, banking or thrift

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<sup>177</sup> MFA Comment Letter II.

<sup>178</sup> Instruction 16 continues to provide that an adviser is not required to update information that it believes in good faith properly responds to Form PF on the date of filing, even if that information is subsequently revised.

<sup>179</sup> See Form PF Frequently Asked Question A.11, Form PF Frequently Asked Questions, *supra* footnote 162.

institutions are U.S. persons or non-U.S. persons.<sup>180</sup> This amendment will allow the Commissions and FSOC to conduct more targeted analysis about risks presented in the United States separate from risks presented abroad. With regard to pension plans, in particular, it is currently unclear whether advisers must report assets in non-U.S. pension plans as governmental pension plans or foreign official institutions. Therefore, this amendment also is designed to improve data quality, based on our experience with the form.

- Advisers will be required to indicate whether beneficial owners that are private funds are either internal private funds (*i.e.*, managed by the adviser or its related persons) or external private funds. This amendment is designed to help the Commissions and FSOC understand the interconnectedness of private funds to each other, which will aid systemic risk assessment and investor protection efforts. Furthermore, this information will help the Commissions and FSOC understand a reporting fund's risk from investor demands for liquidity, because beneficial owners that are external private funds may have less predictable withdrawals than internal private funds.
- We are specifying that "state" investors are U.S. state investors to improve data quality and reduce potential confusion.<sup>181</sup>

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<sup>180</sup> We understand that, in some cases, an adviser may not be able to determine what type of non-U.S. entity the investor is. Current Question 16 provides a category that addressed that scenario in certain circumstances, and we are maintaining this approach. If investors that are not United States persons and about which certain beneficial ownership information is not known and cannot reasonably be obtained because the beneficial interest is held through a chain involving one or more third-party intermediaries, advisers currently report this in current Question 16(m), which we redesignated as Question 22(s).

<sup>181</sup> As proposed, we are also including instructions to Question 22, as well as Question 21, which is current Question 15 (concerning a certain percentage of beneficial ownership), providing that if the reporting fund is the master fund in a master-feeder arrangement, advisers must look through any disregarded feeder fund (*i.e.*, a feeder fund that is not required to be separately reported). This amendment is designed to implement the adopted master-feeder reporting requirements. *See* section II.A.1 (Reporting Master-Feeder Arrangements and Parallel Fund Structures) of this Release.

The amendments provide that if advisers report information in the “other” category, they must describe in Question 4 the type of investor, why it would not qualify for any of the other categories, and any other information to explain the selection of “other.” This amendment is designed to improve data quality by providing context to the adviser’s selection of the “other” category and help ensure that advisers do not inadvertently report information in the wrong category.

One commenter stated that more granular reporting on beneficial ownership would support FSOC’s analysis of potential sources of systemic risk.<sup>182</sup> This commenter supported requiring additional disclosure of beneficial ownership and recommended requiring additional disclosures of any politically exposed persons and, for each private fund, the percentage of fund investors and fund equity that originated from certain countries. Another commenter recommended allowing advisers to report beneficial ownership on good faith estimates based on the data that they have from investors and stated that the Commissions had not provided a reasonable justification for requiring the proposed, more granular information.<sup>183</sup> We understand from this commenter that advisers may not have information for all beneficial owners of a reporting fund by country and that it may be burdensome to obtain this information.

Country-level information on a fund’s beneficial owners is not required to be reported on Form ADV. As proposed, we are thus not requiring reporting of this information on Form PF. We continue to believe that requiring reporting on percentage of the reporting fund’s beneficial ownership that is held by U.S. and non-U.S. persons will improve data quality, based on our experience with the form, and will allow for more effective systemic risk analysis. For example, this information will increase the usefulness of the FRB’s Financial Accounts, a tool that is used for evaluating trends in and risks to the U.S. financial system.<sup>184</sup> If an adviser is unable to

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<sup>182</sup> Fact Coalition Comment Letter.

<sup>183</sup> MFA Comment Letter II.

<sup>184</sup> *See* Financial Accounts of the United States, *available at* <http://www.federalreserve.gov/releases/z1/>.

determine the required beneficial ownership data, the amendments specify that an adviser may provide additional explanatory information in its response to Question 4.

*Fund Performance.* We are adopting several amendments, with modifications, regarding fund performance reporting in current Question 17, which we have redesignated as Question 23.<sup>185</sup> We are adopting, as proposed, amendments to require all advisers to provide gross and net fund performance as reported to current and prospective investors, counterparties, or otherwise for specified fiscal periods using the table in redesignated Question 23 with added instructions specifying which lines to complete depending on whether the adviser is submitting an initial filing, annual update, or quarterly update.<sup>186</sup> These amendments will improve data quality by specifying which fields an adviser should use to report fund performance for the specified filing period.

As discussed further below, the amendments will require an adviser to report its performance as a money-weighted internal rate of return (instead of a time-weighted return), if the reporting fund's performance is reported to investors, counterparties or otherwise as an internal rate of return since inception. This results from a modification from the proposal in which we added an instruction to proposed Question 23 to specify that the reporting fund may report performance as either a time-weighted return or an internal rate of return, but the methodology used for reporting performance should be consistent over time.

In an additional modification from the proposal that is similarly intended to promote data quality through reporting comparability, we are amending the instructions to the table to specify

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<sup>185</sup> In a separate release, the SEC adopted a new rule under the Advisers Act to require advisers to provide certain fund performance information to its private funds' investors in quarterly statements. *See* Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews, Advisers Act Release No. IA-6383 (Aug. 23, 2023) [88 FR 63206 (Sept. 14, 2023)] ("SEC Private Fund Advisers Adopting Release").

<sup>186</sup> As proposed, we also are reorganizing the table so monthly, quarterly, and yearly data is presented in separate categories, but this change will not affect reporting frequency; advisers will continue to report information according to the same intervals. We are also amending the table to refer to the end date of each applicable month, quarter, and year, rather than last day of the fiscal period, to reflect the amendments to the reporting period, as discussed above. *See supra* section II.A.3 (Reporting Timelines) of this Release, and Question 23(a).

that gross and net performance should be reported using the reporting fund’s base currency. This instruction is implicit in the current form, which requires that performance data be provided as reported to investors or as calculated for other purposes, and we are amending the instruction to make it explicit. Accordingly, pursuant to this modification to the proposed instructions, for example, if a reporting fund uses Japanese yen as its base currency, the fund should report its performance using its base currency, which is Japanese yen. We also are adopting, as proposed, amendments to require advisers to identify the currency in Question 4.<sup>187</sup> This amendment is designed to inform the Commissions and FSOC of the currency the adviser used to report the reporting fund’s gross and net performance, for more accurate and informed analysis.

One commenter stated the proposed requirement does not specify whether net performance should be net of all fund fees and expenses or net of only management fees, incentive fees and allocations, which are referenced in the column header for net performance in Question 23(a); and that it is relatedly unclear whether gross performance should reflect the deduction of all other fund fees and expenses.<sup>188</sup> This commenter suggested that such a result would be inconsistent with the treatment of gross performance in the SEC investment adviser marketing and the private fund adviser rules, which do not require that gross performance reflect the deduction of any fees or expenses. This commenter also stated that the Global Investment Performance Standards require that gross returns reflect the deduction of only transaction costs and that the deduction of any additional fees and expenses is optional. For purposes of Form PF, advisers must provide the net performance and gross performance information that they provide to investors, counterparties, or otherwise (or the most representative set of performance information if the adviser reports different fund performance results to different groups, with an explanation of its selection to be provided in Question 4). Consistent with the reference to

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<sup>187</sup> See Question 23(a).

<sup>188</sup> Comment Letter of CFA Institute (Oct. 11, 2022) (“CFA Institute Comment Letter”).

management fees, incentive fees, and allocations in the column header for net performance in Question 23(a), net performance should always reflect the deduction of adviser compensation. In addition, Form PF provides confidential reporting to the Commissions, rather than reporting of performance information to current investors. Given these different purposes and audiences for the information, it is not necessary for us to further specify how to calculate gross performance or net performance for purposes of Form PF. These amendments are designed to allow the Commissions and FSOC to compare performance volatility to identify market trends for systemic risk analysis and investor protection efforts.

We are also adopting, as proposed, amendments to create an alternative to the gross and net performance tabular reporting. If the reporting fund's performance is reported to current and prospective investors, counterparties, or otherwise as an internal rate of return since inception, the adviser will be required to report its performance as an internal rate of return.<sup>189</sup> If such information is reported to current and prospective investors, counterparties, or otherwise, in a currency other than U.S. dollars, advisers will be required to report the data using that currency, and identify the currency in Question 4.<sup>190</sup> This approach is designed to acknowledge that advisers calculate performance data differently for different types of private funds. For example, advisers of private equity funds may use a money-weighted rate of return, such as an internal rate of return, to calculate performance data, while advisers to liquidity funds and hedge funds may use a time-weighted rate of return. These calculations may differ in the way they reflect the impact of the timing of external cash flows, among other things. Therefore, the adopted change will allow the Commissions and FSOC to improve the usefulness and quality of performance data to conduct more accurate analysis, including comparisons, and aggregations.

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<sup>189</sup> See instructions to Question 23 and Question 23(b). Question 23(b) also requires that if the fund reports different performance results to different groups, advisers must provide the most representative results and explain their selection in Question 4. The instructions to Question 23(b) specify that internal rates of return for periods longer than one year must be annualized, while internal rates of return for periods one year or less must not be annualized. This instruction is designed to help ensure consistent reporting for accurate comparisons.

<sup>190</sup> See *supra* in this section II.A.2 of the Release for further discussion of this amendment.

One commenter noted that proposed Questions 23(a) (gross and net performance) and 23(b) (internal rate of return) may be mutually exclusive for some reporting funds.<sup>191</sup> This commenter recommended allowing either Question 23(a) or Question 23(b) to be left blank, as appropriate. We do not believe such a specification is necessary because the instructions provide that an adviser should respond to either Question 23(a) or 23(b), as applicable, and it is generally understood that an adviser may leave blank any inapplicable question.

The instructions to Question 23 provide that an adviser may report the reporting fund's performance either as a time-weighted return or a money-weighted return, such as an internal rate of return.<sup>192</sup> We are adopting defined terms for "rate of return" and "internal rate of return" in the Form PF Glossary of Terms. In a modification from the proposal, "rate of return" is generally defined as the percentage change in the reporting fund's net asset value (or, when a net asset value is not available, in the reporting fund aggregate calculated value) in the reporting fund's base currency from one date to another and adjusted for subscriptions and redemptions.<sup>193</sup> Further, in a modification from the proposal, the rate of return for a portfolio position is defined as the percentage change in the position calculated value, adjusted for income earned and for changes in the quantity held resulting from activity, such as purchases, sales, or splits.<sup>194</sup> As proposed, "internal rate of return" is defined as the discount rate that causes the net present value of all cash flows throughout the life of the fund to be equal to zero. One commenter supported

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<sup>191</sup> AIMA/ACC Comment Letter.

<sup>192</sup> See Question 23. The instructions provide that the methodology used for reporting performance (i.e., as a time-weighted return or money-weighted return, such as an internal rate of return) should be consistent over time.

<sup>193</sup> The proposed definition of "rate of return" was generally the percentage change in the reporting fund aggregate market value in the reporting fund's base currency from one date to another and adjusted for subscriptions and redemptions. The modified definition we are adopting includes reference to a change in the fund's net asset value and modifies the reference to reporting fund aggregate market value to use the defined term in Form PF, reporting fund aggregate calculated value.

<sup>194</sup> The proposed definition generally was that the rate of return for a portfolio position is the percentage change in the position market value, adjusted for income earned. One commenter recommended that we modify this definition stating that a position return cannot be calculated by considering only changes in a portfolio's position value adjusted for income and should also consider changes in quantity resulting from transactions. See CFA Institute Comment Letter. After considering comments, we have changed the reference to "position market value" in the adopted definition to refer instead to the defined term in Form PF, "position *calculated* value," and we have added reference to adjustments for changes in quantity resulting from activity such as purchases, sales, or splits.

the proposed “internal rate of return” definition and recommended clarifying how the terms reporting fund aggregate calculated value and currency, which are referenced in the “rate of return” definition, apply to the “internal rate of return” definition.<sup>195</sup> “Internal rate of return” and “rate of return” are distinct defined terms in the Form PF Glossary of Terms, and reporting fund aggregate calculated value and currency are not referenced in and do not apply to the definition of “internal rate of return.”<sup>196</sup> Further, reporting fund aggregate calculated value is only used when a net asset value is not available for calculation of a rate of return. In a modification from the proposal, we are adding an instruction to Questions 23(a) and 23(b) to specify that the reporting fund’s performance should not be calculated using a reporting fund aggregate calculated value because this question is intended to report performance, as reported to investors. One commenter recommended requiring funds to consistently report the same type of returns over time and not switch between a rate of return calculation, which is time weighted, and an internal rate of return, which is money weighted.<sup>197</sup> We agree with this commenter and believe that consistent reporting of returns is important for data comparability. Therefore, in a change from the proposal, Question 23 includes an instruction that the methodology used to report performance should remain consistent over time. One commenter stated the proposed definition does not specify whether to include the impact of subscription facilities<sup>198</sup> in the internal rate of return calculation and requested that we specify whether returns should be reported with or without the impact of any subscription facilities.<sup>199</sup> In a change from the proposal, we are requiring advisers in responding to Question 23 to indicate whether the reported internal rate of return includes or does not include the impact of subscription facilities to allow for improved

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<sup>195</sup> See CFA Institute Comment Letter.

<sup>196</sup> See Form PF Glossary of Terms (definitions of “internal rate of return” and “rate of return”).

<sup>197</sup> See CFA Institute Comment Letter.

<sup>198</sup> Subscription facilities (or subscription lines) generally refer to credit lines that are guaranteed by committed but uncalled capital.

<sup>199</sup> See CFA Institute Comment Letter.

data comparability. It is necessary for an adviser to specify whether the reported rate of return includes or excludes the impact of subscription facilities to be able to accurately compare data between reporting periods. For example, an adviser that reports an internal rate of return with the impact of fund-level subscription facilities in one reporting period but reported without the impact of subscription facilities in a prior period could report artificially increased performance metrics.

We are also adopting amendments, as proposed except as indicated below, that require advisers to report additional performance-related information if the adviser calculates a market value on a daily basis for any position in the reporting fund's portfolio. In such a case, the adviser will be required to report several items. First, it would report the "reporting fund aggregate calculated value" at the end of the reporting period.<sup>200</sup> Advisers that file a quarterly update also will report the reporting fund aggregate calculated value as of the end of the first and second month of the reporting period.<sup>201</sup> Second, the adviser will report the reporting fund's volatility of the natural log of the daily "rate of return" for each month of the reporting period, following a prescribed methodology.<sup>202</sup> Advisers will be required to report whether the reporting fund uses a different methodology than is prescribed in Form PF to report to current and prospective investors, counterparties, or otherwise, and if so, describe it in Question 4.<sup>203</sup> One commenter recommended requiring volatility measurements over longer periods, such as

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<sup>200</sup> The amendments to Form PF adopted in the May 2023 SEC Form PF Amending Release, *supra* footnote 4, added a definition for "reporting fund aggregate calculated value." See Form PF Glossary of Terms. See also Question 23(c). We have modified the reference in the proposed Question to "reporting fund aggregate market value" to the defined term in Form PF, the reporting fund aggregate *calculated* value.

<sup>201</sup> See Question 23(c)(i).

<sup>202</sup> See discussion of definitions of "rate of return" and "position market value," *supra* footnotes 193 and 194. The prescribed methodology is the standard deviation of the natural log of one plus each of the daily rates of return in the month, annualized by the square root of 252 trading days. When calculating the natural log of a daily rate of return, the rate of return, which is expressed as a percent, must first be converted to a decimal value and then one must be added to the decimal value. See Form PF Glossary of Terms and Question 23(c)(ii). Although the reference to "of one plus each" was in the proposing release, it was inadvertently left out of the proposed form. We are revising the form to include this language. To reduce potential confusion, we are also specifying in the instruction to this question that, when calculating the natural log of a daily rate-of-return, the rate of return, which is expressed as a percent, must first be converted to a decimal value and then one must be added to the decimal value.

<sup>203</sup> See Question 23(c)(iii).

quarterly or annually, stating that requiring daily measurements would result in a smaller population size and less meaningful information.<sup>204</sup> We believe receiving reporting on the volatility of daily returns on a monthly basis is important because significant volatility swings that occur over a short timeframe may not be discernible from quarterly or annual data but can pose systemic risk. Further, receiving higher frequency volatility data will give more context to a fund's reported monthly returns and will allow us to assess risk-adjusted returns. We understand that it is common practice for advisers to annualize volatility calculations and compare across different time intervals.<sup>205</sup>

Third, the adviser must report whether the reporting fund had one or more days with a negative daily rate of return during the reporting period. If so, advisers will be required to report (1) the most recent peak to trough drawdown, and indicate whether the drawdown was continuing on the data reporting date, (2) the largest peak to trough drawdown, (3) the largest single day drawdown, and (4) the number of days with a negative daily rate of return in the reporting period.<sup>206</sup> These measures are designed to help us and FSOC understand risk, particularly in reporting funds with unique return patterns that are poorly measured using volatility alone. We understand that advisers use drawdown metrics, therefore, this question also is designed to be more reflective of industry practice, and in turn improve data quality.

Advisers are required to report these figures as an amount in the fund's base currency and, in a modification from the proposal, as a percentage in the fund's base currency. One commenter recommended changing amount in base currency to percent in base currency.<sup>207</sup> We agree with requiring reporting of percent in base currency to improve data comparability, and we

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<sup>204</sup> CFA Institute Comment Letter.

<sup>205</sup> We have also modified the table in Question 23(c)(ii) to refer to "annualized" volatility of returns, rather than monthly, as proposed, to correspond with the instructions which require the adviser to report the volatility data for each month of the reporting period, on an annualized basis.

<sup>206</sup> See Question 23(c)(iv).

<sup>207</sup> CFA Institute Comment Letter.

do not believe requiring percent in addition to amount is incrementally more burdensome to report because the adviser can leverage existing reporting of the amount in base currency and NAV to provide this metric. Requiring an adviser to also report the percent in base currency will improve data comparability because it will provide consistency across data reported by the adviser, rather than potentially using a different exchange rate than the adviser used. This commenter also recommended providing definitions and examples of how to calculate the most recent and largest peak-to-trough drawdown and provided a recommended definition. We do not believe it is necessary to specify a particular methodology to calculate these metrics, which we understand advisers commonly calculate for their funds. Together, the adopted changes are designed to allow the Commissions and FSOC to compare volatility more accurately across different fund types to identify market trends (*e.g.*, volatility of a specific fund type), for systemic risk assessment and investor protection efforts. For example, if several reporting funds that engage in similar trading activity experience a surge in volatility, the volatility itself or the reporting funds' response to the volatility may impact others who also are engaging in similar trading activity, which could pose systemic risk, and negatively affect investors.

### **3. Amendments to Section 1c of Form PF - Concerning All Hedge Funds**

Section 1c requires advisers to report information about the hedge funds they advise. We are adopting, as proposed except as specified below, amendments to require advisers to report additional information about hedge funds to provide greater insight into hedge funds' operations and strategies, assist in identifying trends, and improve data quality and data comparability for purposes of systemic risk assessments and to further investor protection efforts. We are also removing certain questions where other questions provide the same or more useful data to

streamline reporting and reduce reporting burdens without compromising investor protection efforts and systemic risk analysis.

*Investment Strategies.* We are adopting, as proposed except as specified below, amendments to how advisers report hedge fund investment strategies.<sup>208</sup> We are adopting, as proposed, amendments to require advisers to indicate which investment strategies best describe the reporting fund's strategies on the last day of the reporting period, rather than allowing advisers flexibility to report information as of the data reporting date or throughout the reporting period, as Form PF currently provides.<sup>209</sup> This amendment is designed to improve data quality by specifying how to report information if the reporting fund changes strategies over time. Relatedly, in a modification from the proposal, we are also including an instruction that specifies the methodology an adviser uses for selecting reporting strategies should be consistent over time. This instruction is designed to improve data quality and comparability by specifying that an investment strategy should be categorized consistently from one reporting period to the next. This instruction will also simplify the categorization process for an adviser because it will require an adviser to only determine once how to categorize an ongoing investment strategy.

We also are adopting, as proposed except as specified below, amendments to update the strategy categories that advisers can select to reflect our understanding of hedge fund strategies better and to improve data quality and comparability, based on experience with the form. For example, we are including more granular categories for equity strategies, such as factor driven, statistical arbitrage, and emerging markets. Similarly, we are including more granular categories for credit strategies, such as litigation finance, emerging markets, and asset-backed/structured products. These more granular categories are designed to allow the Commissions and FSOC to conduct more targeted analysis and improve comparability among advisers and hedge funds,

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<sup>208</sup> We are amending current Question 20 and redesignating it as Question 25.

<sup>209</sup> See current Question 20.

which the Commissions and FSOC can use to identify and address systemic risk and investor protection issues in times of stress more accurately. In a modification from the proposal, to facilitate completion of this question and alleviate challenges filers face in choosing among a limited list of investment strategy types, filers will be able to choose from a “drop-down” menu that includes all investment strategy categories for Form PF.<sup>210</sup>

We also are adding, as proposed, categories that have become more commonly pursued by hedge funds since Form PF was adopted, such as categories concerning real estate and digital assets.<sup>211</sup> Currently, advisers may report information regarding these strategies in the “other” category, resulting in less robust Form PF data for analysis, especially when such analysis filters results based on strategy.<sup>212</sup> The additional categories are designed to improve reporting quality and data comparability across advisers, based on our experience with the form. If an adviser selects the “other” category, the adviser will be required to describe in Question 4 the investment strategy, why the reporting fund would not qualify for any of the other categories, and any other information to explain the selection of “other.” The requirement to provide an explanation in Question 4 is designed to improve data quality by providing additional context to the adviser’s

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<sup>210</sup> For purposes of this question, investment strategies generally include equity (and associated sub-strategies such as long/short market neutral, long only, long/short short bias, and long/short long bias), macro (and associated sub-strategies such as active trading, commodity, currency, and global macro), convertible arbitrage, relative value (and associated strategies such as fixed income asset backed, fixed income convertible arbitrage, fixed income corporate, fixed income sovereign, fixed income arbitrage, and volatility arbitrage), event driven (and associated sub-sub-strategies such as distressed, distressed/restructuring, risk arbitrage/merger arbitrage, equity special situations, and special situations), credit (and associated sub-strategies such as asset based lending, litigation finance, emerging markets, and asset backed/structured products), managed futures/CTA (and associated sub-strategies such as fundamental, quantitative), investment in other funds, private credit (and associated sub-strategies such as direct lending/mid-market lending, distressed debt, junior/subordinate debt, mezzanine financing, senior debt, senior subordinated debt, special situations, venture debt, and other), private equity (and associated sub-strategies such as early stage, expansion/late stage, buyout, distressed, growth, private investment in private equity, secondaries, and turnaround), real estate, real estate investment trusts, real assets excluding real estate, annuity and life insurance policies, litigation finance, digital assets, general partner stakes investing, cash and cash equivalents, and other.

<sup>211</sup> For example, aggregate qualifying hedge fund gross notional exposure to physical real estate has grown by 47% from the second quarter 2021 through the first quarter 2023, to \$191 billion. *See* Private Funds Statistics, *supra* footnote 5.

<sup>212</sup> The amount of hedge fund exposure that advisers attribute to the “other” category has grown by 30% to \$114 billion, from the second quarter 2021 through the first quarter 2023. *See* Private Funds Statistics, *supra* footnote 5.

selection of the “other” category and will improve our understanding of the adviser’s strategies, which may present systemic risk. It also is designed to help us ensure that advisers are not misreporting information in the “other” category when they should be reporting information in a different category.

In addition to the investment strategy category additions described above that we are adopting as proposed, in a modification from the proposal, we are adopting certain additional strategy categories. We are adopting certain additional strategy categories that are currently included in the available categories in Question 66, which is structured similarly to Question 25 and is used to collect information about private equity fund investment strategies.<sup>213</sup> To facilitate completion of Question 25 and alleviate challenges filers may face in choosing among a limited list of investment strategy types, in a modification from the proposal, filers will be able to choose from a drop-down menu that includes all investment strategy categories for Form PF. The inclusion of these additional categories recognizes that funds classified as hedge funds on Form PF may pursue investment strategies more commonly associated with private equity funds and vice versa. This change will allow advisers to categorize their investment strategies more accurately and will improve data quality by reducing the number of strategies that would otherwise be categorized as “other.” For similar reasons, in a modification from the proposal, we are also retaining certain investment strategy categories that are included in the current Form PF, which we had proposed to remove, to provide more granular information and maintain existing data comparability.<sup>214</sup> In addition, we are adopting strategy categories for “Equity Long/Short

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<sup>213</sup> The additional strategy categories are private credit (and associated sub-strategies such as direct lending/mid-market lending, distressed debt, junior/subordinate debt, mezzanine financing, senior debt, senior subordinated debt, special situations, venture debt, and other), private equity (and associated sub-strategies such as early stage, expansion/late stage, buyout, distressed, growth, private investment in private equity, secondaries, and turnaround), annuity and life insurance policies, litigation finance, and general partner stakes investing. *See also* May 2023 SEC Form PF Amending Release, *supra* footnote 4, at n. 216. Question 66 was added as a new question in the amendments adopted in the May 2023 SEC Form PF Amending Release.

<sup>214</sup> We are retaining the existing investment strategies listed in current Question 20 for the following categories: Macro, Active Trading; Macro, Commodity; Macro, Currency; Relative Value, Fixed Income Asset Backed; Relative Value, Fixed Income Convertible Arbitrage; Relative Value, Fixed Income Sovereign; Event

Market Neutral,” “Equity Long/Short Long Bias,” and “Equity Long/Short Short Bias,” and adding separate categories for “Equity Long Only” and “Credit Long/Short,” as discussed further below.

One commenter opposed including more granular strategy categories stating that some proposed categories are not clear and may require advisers to make subjective decisions on how to report a fund’s strategy that could result in inconsistent reporting.<sup>215</sup> This commenter recommended that the strategy categories be revised to better track industry conventions. The amended strategy categories conform more closely to industry conventions than the current categories and will allow advisers to categorize their strategies more accurately. One commenter opposed the increased granularity in strategy categories, stating they could disclose a fund’s proprietary investment information and present data security concerns.<sup>216</sup> The data reported on Form PF, which is filed on a non-public basis, is neither sufficiently detailed nor reported on such a frequent basis as to present risk of misuse or enable reverse engineering of a particular fund’s investment strategy. One commenter recommended reverting the category for the “Equity Long/Short” strategy from the proposed categories of “Equity Long Bias” and “Equity Short Bias” because of the burden and potential for misreporting of long/short equity funds or portfolios. In a change from the proposal, as recommended by this commenter, we are amending the proposed categories for “Equity Long Bias” and “Equity Short Bias” and replacing with “Equity Long/Short Market Neutral,” “Equity Long/Short Long Bias,” and “Equity Long/Short Short Bias,” and adding separate categories for “Equity Long Only” and “Credit Long/Short.” We believe these additional categories better align the strategy categories with industry

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Driven, Distressed/Restructuring; Event Driven, Equity Special Situations; and Credit, Long/Short. *See* Question 25.

<sup>215</sup> MFA Comment Letter II.

<sup>216</sup> SIFMA Comment Letter.

conventions and addresses the concern with appropriately reporting the strategy category for long/short equity funds or portfolios.

As proposed, digital assets will be included as a reportable investment strategy.<sup>217</sup> In a change from the proposal, however, we are not adopting a defined term for “digital assets” in the Glossary of Terms. Some commenters supported adding a defined term for digital assets and emphasized the growing impact of digital assets on the financial sector more broadly and the systemic risk that they may pose.<sup>218</sup> Other commenters stated that the proposed definition of digital asset is too broad and may overlap with other existing reporting categories.<sup>219</sup> One commenter recommended excluding from the digital asset definition references to any specific types of digital assets because of the evolving terminology used in the sector.<sup>220</sup> Another commenter recommended that the references to digital assets be consistent across usages by the SEC.<sup>221</sup> This commenter also recommended adopting distinct defined terms for different types of digital assets to differentiate between different asset categories that may present different risks, such as differentiating between established digital assets and newer digital assets. Another commenter recommended distinguishing between so-called “stablecoins” and other digital assets on the basis that stablecoins may be less volatile than other digital assets.<sup>222</sup>

The Commissions and staff are continuing to consider the issues raised by these comments, and we are not adopting a definition as part of this rule at this time. However, we agree with commenters stating that certain strategies could be categorized as either a digital asset strategy or another listed strategy, and so in those instances the digital asset strategy is

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<sup>217</sup> As discussed further below in section II.C.2 of this Release, we are also adopting amendments to Question 32 to add digital assets as a reportable sub-asset class.

<sup>218</sup> *See, e.g.*, Better Markets Comment Letter; NASAA Comment Letter.

<sup>219</sup> *See, e.g.*, AIMA/ACC Comment Letter; MFA Comment Letter II; USCC Comment Letter.

<sup>220</sup> Comment Letter of Rohan G. et al. (Dec. 8, 2022) (“Rohan G. Comment Letter”).

<sup>221</sup> NASAA Comment Letter.

<sup>222</sup> AFREF Comment Letter I.

duplicative.<sup>223</sup> Accordingly, we are including an instruction to Question 25 to specify that, if a particular strategy could be classified as both a digital asset strategy and another strategy, an adviser should report the strategy as the non-digital asset strategy. This is designed to reduce potential confusion and improve data quality.

*Counterparty exposures.* Counterparty exposure informs the Commissions and FSOC of the interconnectedness of hedge funds with the broader financial services industry, which is a critical part of systemic risk assessment and investor protection efforts. Understanding counterparty exposures allows the Commissions and FSOC to assess who may be impacted by a reporting fund's failure, and which reporting funds may be impacted by a counterparty's failure. Counterparty exposure concerning central clearing counterparties ("CCPs") is of importance to FSOC's systemic risk assessment efforts as evidenced by the fact that FSOC has designated many CCP institutions as "systemically important," and recommended that regulators continue to coordinate to evaluate threats from both default and non-default losses associated with CCPs.<sup>224</sup>

We are adopting, as proposed except as indicated below, amendments to add Question 26 and revise current Questions 22 and 23, which have been redesignated as Questions 27 and 28, to provide better insight into hedge funds' borrowing and financing arrangements with counterparties, including CCPs. Question 26 requires advisers to hedge funds (other than qualifying hedge funds) to complete a new table ("consolidated counterparty exposure table") concerning exposures that (1) the reporting fund has to creditors and counterparties, and (2)

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<sup>223</sup> For example, a crypto asset security is not a separate type or category of security for purposes of Federal securities laws based solely on the use of distributed ledger technology. *See* Supplemental Information and Reopening of Comment Period for Amendments Regarding the Definition of "Exchange," 88 FR 29448, 29450 (May 5, 2023) (stating "a crypto asset that is a security is not a separate type or category of security (*e.g.*, NMS stock, corporate bond) for purposes of federal securities laws based solely on the use of DLT.").

<sup>224</sup> Form PF defines "CCP" as central clearing counterparties (or central clearing houses) (for example, CME Clearing, The Depository Trust & Clearing Corporation, Fedwire and LCH Clearnet Limited). *See* Financial Stability Oversight Council, 2012 Annual Report, Appendix A, *available at* <https://home.treasury.gov/system/files/261/2012-Annual-Report.pdf> (concerning the designations); Financial Stability Oversight Council, 2021 Annual Report, p. 14, *available at* <https://home.treasury.gov/system/files/261/FSOC2021AnnualReport.pdf> (concerning the recommendation).

creditors and other counterparties have to the reporting fund.<sup>225</sup> Advisers will be required to report the U.S. dollar value of the reporting fund’s “borrowing and collateral received (B/CR),” as well as its “lending and posted collateral (L/PC),” aggregated across all counterparties, including CCPs, as of the end of the reporting period.<sup>226</sup> The form explains what exposures to net.<sup>227</sup> Advisers will be required to classify information according to type (*e.g.*, unsecured borrowing, secured borrowing, derivatives cleared by a CCP, and uncleared derivatives) and the governing legal agreement (*e.g.*, a prime brokerage or other brokerage agreement for cash margin and securities lending and borrowing, a global master repurchase agreement for repo/reverse repo, and International Swaps and Derivatives Association (“ISDA”) master agreement for synthetic long positions, “synthetic short positions,” and derivatives).<sup>228</sup> Advisers will be required to report transactions under a master securities loan agreement as secured borrowings. Advisers will be required to check a box if one or more prime brokerage

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<sup>225</sup> Qualifying hedge funds are not required to complete this table because section 2, as revised, includes similar questions that require additional detail. *See* discussion at section II.C of this Release. Together the questions in section 1c and similar questions at section 2 will allow the Commissions and FSOC to consolidate information relating to hedge funds’ and qualifying hedge funds’ arrangements with creditors and other counterparties, to support systemic risk assessment and investor protection efforts. We are defining the term “consolidated counterparty exposure table” in the Form PF Glossary of Terms. For hedge funds other than qualifying hedge funds, it means the section 1c table (at Question 26) that collects the reporting fund’s borrowing and collateral received and lending and posted collateral aggregated across all creditors and counterparties as of the end of the reporting period. For qualifying hedge funds, it means the section 2 table (at Question 41) that collects the reporting fund’s borrowing and collateral received and lending and posted collateral aggregated across all creditors and counterparties as of the end of the reporting period.

<sup>226</sup> We are defining “borrowing and collateral received (B/CR)” and “lending and posted collateral (L/PC)” in the Form PF Glossary of Terms. We are adopting these definitions based on our understanding of borrowing and lending and to help ensure data quality and comparability. We also are amending the term “gross notional value” to provide more detail on how to report it to aid advisers completing the consolidated counterparty exposure table. *See* Form PF Glossary of Terms.

<sup>227</sup> Advisers will net the reporting fund’s exposure with each counterparty and among affiliated entities of a counterparty to the extent such exposures may be contractually or legally set-off or netted across those entities or one affiliate guarantees or may otherwise be obligated to satisfy the obligations of another under the agreements governing the transactions. Instructions provide that netting must be used to reflect net cash borrowed from or lent to a counterparty but must not be used to offset securities borrowed and lent against one another, when reporting prime brokerage and repo/reverse repo transactions. These instructions are designed to help ensure data quality and comparability. *See* Question 26.

<sup>228</sup> We are adopting, as proposed, a definition of “ISDA” as the International Swaps and Derivatives Association. We are also adopting a definition of “synthetic short positions” in the Form PF Glossary of Terms (*see* the Form PF Glossary of Terms). We are adopting this definition based on our understanding of the instruments and to help ensure data quality to aid comparability. *See supra* footnote 161 (discussing the definition of “synthetic long position”).

agreements provide for cross-margining of derivatives and secured financing transactions. If advisers check the box, the instructions specify how to report secured financing and derivatives in the consolidated counterparty exposure table.

Some commenters opposed more granular disclosure of counterparty exposures, stating that the information is burdensome to obtain and of limited value.<sup>229</sup> One commenter stated that reporting on exposures to central clearing counterparties should be on an aggregate basis, rather than on an individual basis, because of the cost to report and limited value of the disaggregated data.<sup>230</sup> We continue to believe that this additional information is important to understanding counterparty risk exposure, which is needed for systemic risk assessment because of the potential contagion risks of any particular counterparty failure, and that the value of this information justifies the associated burdens in reporting.<sup>231</sup> We believe that the associated burdens are justified because detailed reporting of counterparty risk exposure will provide the Commissions and FSOC with increased transparency into risk profiles and the interconnectedness of hedge funds with the broader financial services industry, which will improve our ability to assess systemic risk and protect investors.

We are adopting, largely as proposed, several amendments to Questions 26, 27 and 28, which require advisers to hedge funds to provide information about the reporting fund's counterparty exposure, as follows:

- We are adopting, as proposed except as specifically indicated below, amendments to Questions 27 and 28 to provide more detailed instructions for advisers to use to identify the individual counterparties. For both Questions 27 and 28, advisers are instructed to use the calculations from the consolidated counterparty exposure

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<sup>229</sup> See, e.g., AIMA/ACC Comment Letter.

<sup>230</sup> MFA Comment Letter II.

<sup>231</sup> See *infra* section IV.C of this Release for discussion of costs and benefits.

table to identify the counterparties.<sup>232</sup> This amendment is designed to help ensure that the Commissions' and FSOC's analysis can identify true data differences, without the distraction of methodology differences, which can suggest differences where there are none, and reduce circumstances where advisers misidentify lending relationships. In a modification from the proposal, we are adding an instruction to specify the entity that has the reported exposure.<sup>233</sup> This modification will allow us to determine the relevant entity that bears such exposure (*e.g.*, a trading vehicle), which will improve our data quality and our ability to monitor systemic risk.<sup>234</sup> The amended instructions provide that if the entity that has the exposure is not the reporting fund, the filer must provide the legal name of the relevant entity and LEI, if available.<sup>235</sup> This instruction will allow us to better understand the scope of the reporting fund's exposure.<sup>236</sup> We did not receive specific comment on these amendments to the instructions. These amendments will improve data quality and comparability and reduce adviser burden.

- We are adopting, as proposed, amendments to add Question 27, which requires advisers to identify each creditor or other counterparty (including CCPs) to which the reporting fund owes a certain amount (before posted collateral) equal to or

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<sup>232</sup> See Question 26 for the consolidated counterparty exposure table. We are also adopting, substantively as proposed, definitions for the following terms related to the consolidated counterparty exposure table: "cash borrowing entries," "cash lending entries," "collateral posted entries," and "collateral received entries." See Form PF Glossary of Terms.

<sup>233</sup> See Question 27.

<sup>234</sup> As discussed more fully above in section II.A.2, we are adopting amendments to include specific questions relating to a reporting fund's trading vehicle use and a trading vehicle's position size and risk exposure, as opposed to requiring full separate reporting on Form PF for trading vehicles. This modification will allow us to understand which entity holds the exposure.

<sup>235</sup> See Question 27.

<sup>236</sup> This modification is related to our modification from the proposal to require aggregated reporting and focusing certain questions on trading vehicles, rather than disaggregated reporting as proposed, discussed above in section II.A.2. This modification to the instructions will allow us to understand whether the reporting fund or a trading vehicle holds the exposure.

greater than either (1) five percent of net asset value as of the data reporting date or (2) \$1 billion. If there are more than five such counterparties, the adviser only will report the five counterparties to which the reporting fund owes the largest dollar amount, before taking into account collateral that the reporting fund posted. If there are fewer than five such counterparties, the adviser only will report the counterparties that meet the threshold. For example, if only three counterparties meet the threshold, the adviser would report only three counterparties. This is a change from current Question 22, which required advisers to identify five counterparties to which the reporting fund has the greatest mark-to-market net counterparty credit exposure, regardless of the actual size of the exposure. The adopted threshold is designed to highlight two different, significant, potentially systemic risks: five percent of net asset value represents an amount of borrowing by a reporting fund that, if repayment was required, could be a significant loss of financing that could result in a forced unwind and forced sales from the reporting fund's portfolio. Additionally, the \$1 billion represents an amount that, in the case of a very large fund, may not represent five percent of its net assets, but may be large enough to create stress for certain of its counterparties. One commenter recommended that the additional reporting on counterparties should be limited to a fund's three largest counterparties to reduce the burden on advisers but provide the Commissions with sufficiently detailed information on counterparty exposure.<sup>237</sup> We continue to believe that requiring reporting of the five largest counterparties is appropriate and do not believe that limiting the required reporting to a fund's three largest counterparties would provide sufficient counterparty risk data for the purposes discussed above. Furthermore, we do not

believe that reporting on a fund's five largest counterparties would be significantly more burdensome than reporting on the three largest counterparties because an adviser could leverage its systems for reporting on the three largest counterparties to provide reporting on the five largest counterparties.

- In a modification from the proposal, advisers will also be required to provide the legal name and the LEI, if any, of the entity that has the exposure. This information will allow us to determine the relevant entity that bears such exposure (e.g., a trading vehicle), which will improve our data quality and our ability to monitor systemic risk.<sup>238</sup>
- In a modification from the proposal, the instructions to Question 26 provide that an adviser is required to report the reporting fund's counterparty exposure without netting any trading vehicle exposures if the reporting fund does not guarantee and is not contractually obligated to fulfill those counterparty obligations.<sup>239</sup> The instructions will further provide that if the reporting fund guarantees or is obligated to fulfill the trading vehicle's counterparty obligations, then those obligations must be reported net with the obligations of the reporting fund. These modified instructions are intended to address the aggregated reporting of trading vehicles and improve data quality by isolating only the reporting fund's counterparty exposures. In a modification from the proposal, the instructions also provide that any affiliated private fund should exclude any exposures that have been reported in the reporting fund's filing. This modified instruction is intended to reduce filing burdens by eliminating duplicate reporting and to improve data quality.

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<sup>238</sup> See also *supra* section II.A.2 of this Release for further discussion of trading vehicle reporting.

<sup>239</sup> See Question 26.

- We are adopting, largely as proposed except as specified below, amendments to add Question 28, which requires advisers to provide information for counterparties to which the reporting fund has net mark-to-market counterparty credit exposure which is equal to or greater than either (1) five percent of the reporting fund's net asset value as of the data reporting date or (2) \$1 billion, after taking into account collateral received or posted by the reporting fund. If there are more than five such counterparties, the adviser would only report the five to which the reporting fund has the greatest mark-to-market exposure after taking into account collateral received. If there are fewer than five such counterparties, the adviser only would report the counterparties that meet the threshold. This is a change from current Question 23, which required advisers to identify five counterparties to which the reporting fund has the greatest mark-to-market net counterparty credit exposure, regardless of the actual size of the exposure. The threshold is designed to represent an amount of lending from a reporting fund that, if a default occurred, could cause a significant loss that could result in a forced unwind and forced sales from the reporting fund's portfolio. Furthermore, we believe that the five percent threshold level is large enough to constitute a shock to a reporting fund's net asset value and is an often-used industry metric. The \$1 billion threshold represents an amount that, in the case of a very large counterparty, may not represent five percent of its net assets, but may be large enough to create stress for the reporting fund. In a modification from the proposal, we are adding an instruction to specify the entity that has the reported exposure.<sup>240</sup> The amended instructions provide that if the entity that has the exposure is not the reporting fund, the filer must provide the legal name of the

relevant entity and LEI, if available. This instruction will allow us to better understand the scope of the reporting fund's exposure. One commenter recommended a threshold of 10 percent of a fund's net asset value, rather than five percent, for all reporting related to exposures, including counterparty exposure, on the basis that 10 percent of net asset value better represents a magnitude that could have broader systemic effects and a five percent threshold would produce data that is not meaningful for risk assessments.<sup>241</sup> We disagree and continue to believe that the impact on a fund's returns resulting from a counterparty exposure of greater than five percent could be significant enough to present systemic risk and contagion risk. Currently, advisers report exposures that the reporting fund has to counterparties as a percentage of the reporting fund's net asset value, and advisers report exposures that counterparties have to the reporting fund in U.S. dollars.<sup>242</sup> We are adopting, as proposed, an amendment that requires advisers to report both data sets in U.S. dollars for consistency and comparability.<sup>243</sup> We did not receive specific comment on this amendment.

- We are adopting, as proposed, an amendment to require advisers to report the amount of collateral posted, to help inform the Commissions and FSOC of the potential impact of a reporting fund or counterparty default. We did not receive specific comment on this amendment.
- We are adopting, as proposed, an amendment to require advisers to report the counterparty's LEI, if it has one, to help identify counterparties and more

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<sup>241</sup> MFA Comment Letter II.

<sup>242</sup> *See* current Questions 22 and 23.

<sup>243</sup> *See* Questions 27 and 28.

efficiently link data from other data sources that use this identifier. We did not receive specific comment on this amendment.

- Advisers will continue to indicate if a counterparty is affiliated with a major financial institution, as Form PF currently provides.<sup>244</sup> If the financial institution is not listed on Form PF, advisers would continue to have the option of selecting “other” and naming the entity in the chart, as Form PF currently provides. However, we are adopting, as proposed, an amendment to require advisers to describe the financial institution in Question 4. This amendment is designed to help the Commissions and FSOC efficiently and accurately identify the entity, without having to contact advisers individually. We did not receive specific comment on this amendment.

Together, the amendments are designed to allow the Commissions and FSOC to identify and align sources of borrowing and lending to identify significant counterparty exposures, so that different styles of borrowing will not be obscured by methodology differences or misidentified lending relationships, based on our experience with the form.

Form PF continues to require advisers to report information about individual counterparties that present the greatest exposure to and from hedge funds.<sup>245</sup> Under the amended Form PF, however, advisers to qualifying hedge funds will not be required to complete Questions 27 and 28, if they complete certain similar questions in Form PF section 2, to avoid duplication.<sup>246</sup>

*Trading and clearing mechanisms.* We are adopting, as proposed, amendments to revise how advisers report information about trading and clearing mechanisms.<sup>247</sup> These types of data

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<sup>244</sup> See current Questions 22 and 23.

<sup>245</sup> See Questions 27 and 28.

<sup>246</sup> See Questions 42 and 43 in Form PF section 2 and *supra* footnote 225.

<sup>247</sup> See current Questions 24 and 25, which we redesignated as Questions 29 and 30.

inform the Commissions and FSOC of the extent of private fund activities that are conducted on and away from regulated exchanges and clearing systems, which is important to understanding systemic risk that could be transmitted through counterparty exposures.<sup>248</sup> We are adopting amendments to require advisers to report (1) the value traded and (2) the value of positions at the end of the reporting period, rather than requiring advisers to report information as a percentage in terms of value and trade volumes, as Form PF currently requires.<sup>249</sup> This change is designed to simplify reporting because advisers compute the value before they convert it into a percentage; therefore, this change eliminates an extra calculation for advisers. It also is designed to provide the Commissions and FSOC with data that can be more efficiently compared and aggregated among advisers and other data sources. With data in dollar values, the Commissions and FSOC could more effectively estimate the size, extent, and pace of each hedge fund's participation in activity on or away from regulated exchanges and clearing systems in relation to total values. Understanding the size of hedge fund participation in activity on and away from regulated exchanges and clearing systems is important to assessing systemic risk, because activity that takes place on regulated exchanges and clearing systems presents different risks than activity that takes place away from regulated exchange and clearing systems. For example, activity that takes place away from a regulated exchange or clearing system may be less transparent, and may present more credit risk, than activity that takes place on a regulated exchange and a clearing system that acts as a central counterparty that guarantees trades. Commenters generally

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<sup>248</sup> See *supra* footnote 224 and accompanying text (discussing the role of CCPs); 2011 Form PF Adopting Release, *supra* footnote 4, at n.228, and accompanying text.

<sup>249</sup> Question 29 specifies that "value traded" is the total value in U.S. dollars of the reporting fund's transactions in the instrument category and trading mode during the reporting period. Question 29 also specifies that, for derivatives, value traded is the weighted average of the notional amount of aggregate derivatives transactions entered into by the reporting fund during the reporting period, except for the following: (1) for options, advisers would use the delta adjusted notional value, and (2) for interest rate derivatives, advisers would use the "10-year bond equivalent." This measurement is designed to track standard industry convention. We also are adding the term "10-year bond equivalent" to the Form PF Glossary of Terms, as discussed in section II.C.2 of this Release. See *infra* footnote 293.

supported amendments that simplify reporting requirements.<sup>250</sup> This amendment will reduce burdens on advisers by eliminating an additional calculation and will improve data comparability.

We also are adopting amendments to require advisers to report information about trading and clearing mechanisms for transactions in interest rate derivatives separately from other types of derivatives. Form PF data show that interest rate derivatives represent the largest gross investment exposure of qualifying hedge funds.<sup>251</sup> Therefore, this amendment is designed to help ensure that the Commissions and FSOC can identify risks of such a significant volume of activity on and away from regulated exchanges and clearing systems, without the data being obscured by other types of derivatives. Advisers will be required to report interest rate derivatives and other types of derivatives, by indicating the estimated amounts that were (1) traded on a regulated exchange or swap execution facility, (2) traded over-the-counter and cleared by a CCP, and (3) traded over the counter or bilaterally transacted (and not cleared by a CCP). These categories reflect our understanding of how derivatives may be traded.

Advisers continue to be required to report clearing information concerning repos, but we are adopting amendments to specify how to report sponsored repos and to specify that advisers must report reverse repos with repos.<sup>252</sup> According to the Fixed Income Clearing Corporation (“FICC”), FICC’s sponsored repo service has expanded in 2017 and 2019, ultimately resulting in

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<sup>250</sup> See, e.g., MFA Comment Letter II; SIFMA Comment Letter.

<sup>251</sup> See Private Funds Statistics, *supra* footnote 5.

<sup>252</sup> The amendments also explain that “repo” means “securities in” transactions and “reverse repo” means “securities out” transactions. Sponsored repos and sponsored reverse repos apply to transactions in which the reporting fund has been sponsored by a sponsoring member of the Fixed Income Clearing Corporation. We have revised how Form PF explains tri-party repos to help ensure they do not exclude sponsored tri-party repos. Currently, Form PF explains that a tri-party repo applies where repo collateral is held at a custodian (not including a CCP) that acts as a third party agent to both the repo buyer and the repo seller. We are amending Form PF to explain that tri-party repo applies where the repo or reverse repo collateral is executed using collateral management and settlement services of a third party that does not act as a CCP. See Form PF Glossary of Terms (amended definitions of “repo” and “reverse repo”) and Question 29 instructions (discussing sponsored repos, sponsored reverse repos, and tri-party repos).

daily volume up to \$300 million per day as of 2021, with a peak in June 2023 of \$750 billion.<sup>253</sup>

Sponsored repos incorporate a different structure than other repos, in that FICC serves as a counterparty to any sponsored trade and the sponsored member bears responsibility for meeting the obligations of the sponsored member on all transactions that it submits for clearing. Adding a particular reference to sponsored repos ensures that advisers understand how sponsored repos cleared by a CCP should be reported, *i.e.*, as trades cleared at a CCP.<sup>254</sup> Therefore, we are providing a separate line item for sponsored repos. The amendment is designed to improve data quality concerning repos and sponsored repos to allow the Commissions and FSOC to conduct more accurate and targeted systemic risk assessments and analysis concerning investor protection efforts. We are also adopting amendments to specify that advisers must report reverse repos with repos. Current Question 24 required advisers to report “repos,” which some advisers could interpret to include reverse repos, while others could interpret as excluding reverse repos. Therefore, this amendment is designed to improve data quality.<sup>255</sup>

We are also adopting amendments to revise current Question 25, which requires advisers to report the percentage of the reporting fund’s net asset value related to transactions not described in current Question 24, which we have redesignated as Question 29. Advisers will be required to report both the value traded and the position value as of the end of the reporting period for transactions not described in Question 29. These amendments are designed to make Question 30 data comparable with data from Question 29, so that together Questions 29 and 30 will provide the Commissions and FSOC with a complete data set of the adviser’s trading and

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<sup>253</sup> See FICC Sponsored Repo in 2021, by DTCC Connection Staff (Feb. 9, 2021), *available at* <https://www.dtcc.com/dtcc-connection/articles/2021/february/09/ficc-sponsored-repo-in-2021>. *See also* DTC: DTCC's FICC Sponsored Service Reaches New Milestone Clearing Over USD\$750 Billion in Daily Sponsored Activity (June 14, 2023), *available at* <https://www.dtcc.com/news/2023/june/14/dtccs-ficc-sponsored-service-reaches-new-milestone>.

<sup>254</sup> Current Question 24.

<sup>255</sup> *See* Question 29.

clearing mechanisms during the reporting period. We did not receive comments on these proposed amendments.

*Removing Certain Questions Concerning Hedge Funds.* We are removing, as proposed, current Questions 19 and 21 from the form. Current Question 19 required advisers to hedge funds to report whether the hedge fund has a single primary investment strategy or multiple strategies. Question 25, which requires hedge fund advisers to disclose certain information about each investment strategy, will provide this information, as discussed above in this section II.B.3 of the Release.

We are also removing current Question 21, which required hedge fund advisers to approximate what percentage of the hedge fund's net asset value was managed using high frequency trading strategies. We believe the form's question on portfolio turnover, with the adopted revisions, will better inform our and FSOC's understanding of the extent of trading by large hedge fund advisers and will better show how larger hedge funds interact with the markets and provide trading liquidity.<sup>256</sup>

Commenters generally supported amendments that eliminate questions and streamline reporting requirements.<sup>257</sup> One commenter stated that, by eliminating the collection of duplicative data, FSOC will be better able to assess systemic risk and the Commissions will be better able to protect investors.<sup>258</sup> One commenter supported removing current Question 21 regarding the percentage of a hedge fund's net asset value managed using high frequency trading strategies.<sup>259</sup> We believe that removing certain questions concerning hedge funds will reduce the burdens on these advisers and the adoption of new and revised questions elsewhere on Form PF

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<sup>256</sup> See revisions to current Question 27 (redesignated as Question 34), as discussed in section II.C of this Release.

<sup>257</sup> See, e.g., MFA Comment Letter II; SIFMA Comment Letter.

<sup>258</sup> Better Markets Comment Letter.

<sup>259</sup> MFA Comment Letter II.

will improve our understanding of hedge fund operations to allow for systemic risk analysis and investor protection efforts.

### **C. Amendments Concerning Information about Hedge Funds Advised by Large Private Fund Advisers**

We are adopting, as proposed except as specifically indicated below, several amendments to section 2, including amendments that remove aggregate reporting currently required in existing section 2a, which we have found to be less meaningful for analysis and more burdensome for advisers to report, while preserving and enhancing reporting on a per fund basis in existing section 2b, which we are redesignating as section 2. We are also retaining certain questions currently reported by advisers on an aggregate basis that are important for data analysis and systemic risk assessment but are requiring reporting on a per fund basis. Collectively, the changes to section 2 are designed to provide better insight into the operations and strategies employed by qualifying hedge funds and their advisers and improve data quality and comparability to enable FSOC to monitor systemic risk better and enhance the Commissions' regulatory programs and investor protection efforts. Furthermore, we are also removing certain other reporting requirements that we have found to be less useful based on our experience with Form PF since adoption, which will help reduce reporting burdens for advisers while preserving the Commissions' and FSOC's regulatory oversight.

#### **1. Removal of Existing Section 2a**

*Removal of aggregate reporting.* We are adopting, as proposed, amendments to eliminate the current requirement for large hedge fund advisers to report certain aggregated information about the hedge funds they manage.<sup>260</sup> Based on our experience using data obtained

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<sup>260</sup> We are removing existing section 2a and redesignating existing section 2b as section 2. In connection with the removal of section 2a, we are revising the general instructions to make corresponding changes (including amending Instruction 3 to reflect the removal of section 2a), and are revising current Question 27 (reporting on the value of turnover in certain asset classes in advisers' hedge funds' portfolios) and current Question 28 (reporting on the geographical breakdown of investments held by advisers' hedge funds), moving each of these questions to new section 2, and redesignating them as Question 34 and Question 35, respectively. Furthermore, in connection with

from Form PF since its adoption, we have found that aggregated adviser level information combines funds with different strategies and activities, thus making analyses less meaningful. Aggregation can mask the directional exposures of individual funds (*e.g.*, positions held by one reporting fund may appear to be offset by positions held in a different fund). Additionally, there can be inconsistencies between data currently reported in the aggregate in existing section 2a and on a per fund basis in existing section 2b (*e.g.*, we have observed in some instances that the sum of fund exposures advisers report in current Question 30 on a per fund basis exceeds the aggregate figure reported in current Question 26). Aggregating information across funds may be burdensome for some advisers because certain advisers may keep fund records on different systems and “rolling-up” the data from different sources to report on the form may be complex and time consuming. While advisers may be required to aggregate certain types of investment holdings across their funds for other regulatory purposes (*e.g.*, certain U.S. registered equities for Form 13F reporting), advisers generally do not aggregate all portfolio investment exposure information across their funds other than for Form PF reporting purposes, given that counterparties, markets, and investors tend to interact with funds on an individual basis and not in the aggregate at the adviser level.

Commenters generally supported proposed amendments to eliminate questions and streamline reporting requirements.<sup>261</sup> One commenter stated that the aggregate reporting of certain positions may make it difficult to understand the operations of hedge funds, especially during periods of market instability.<sup>262</sup> Another commenter stated that reporting on an aggregate basis does not result in obscuring material data.<sup>263</sup>

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these changes, we are revising the term “sub-asset class” to refer to Question 32, rather than current Question 26, which we have removed.

<sup>261</sup> See, *e.g.*, MFA Comment Letter II; SIFMA Comment Letter.

<sup>262</sup> See Better Markets Comment Letter.

<sup>263</sup> See AIC Comment Letter I.

We continue to believe that eliminating aggregate reporting questions for large hedge fund advisers will lessen the burden on these advisers and focus Form PF reporting on more valuable information for systemic risk assessment purposes. Removing existing section 2a will not result in a meaningful deterioration in the information collected because the vast majority of gross hedge fund assets on which advisers currently report in the aggregate in section 2a constitute the gross assets of qualifying hedge funds that will continue to be reported elsewhere in amended section 2. For example, large hedge fund advisers currently report total gross notional exposure for qualifying hedge funds in section 2b that constituted approximately 91 percent of the total gross notional exposure reported on an aggregate basis by large hedge fund advisers currently in section 2a as of the same date.<sup>264</sup> Furthermore, as discussed in section II.B.3 above, we are also adopting amendments to enhance reporting for all hedge funds in section 1 (particularly section 1c), which will mitigate against potential data gaps that could result from the removal of section 2a, given that advisers currently report information on all their hedge funds in section 2a but only report on qualifying hedge funds in section 2b. Additionally, certain information currently collected in section 2a is duplicative of information that will continue to be collected on a per fund basis in the consolidated section 2.<sup>265</sup> By continuing to require reporting on a per fund basis, information reported elsewhere in the revised section 2 will allow the Commissions and FSOC to compile aggregate figures, as appropriate.<sup>266</sup>

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<sup>264</sup> As noted above, based on experience with Form PF since adoption, we have found information currently gathered in section 2a for the remaining 9% of funds to not be very useful given that it is aggregated data across different funds.

<sup>265</sup> For example, current Question 26 of section 2a requires large hedge fund advisers to report aggregated information on exposure to different types of assets, which is effectively the same exposure information that will be reported on a per fund basis for each qualifying hedge fund in Question 32 of section 2.

<sup>266</sup> Additionally, we are moving current Question 31 (base currency) and current Question 49 (withdrawals and redemptions) required only for qualifying hedge funds to section 1b, which is required to be completed by all advisers, and redesignating them as Question 17 and Question 10(d), respectively. We are also adopting amendments to enhance section 1c to require more detailed information about hedge funds' borrowing and financing arrangements (including posted collateral) and also revising current Question 26 (redesignated Question 32) and current Question 27 (redesignated Question 34) to require end of period reporting of the value of certain instrument categories (including listed equities, interest rate derivatives and other derivatives, and repo/reverse repos).

## **2. Amendments to Section 2**

We are redesignating existing section 2b as section 2 and adopting, as proposed except as specified below, amendments to section 2 to do the following:

- (1) Enhance, expand, and simplify investment exposure reporting;
- (2) Revise open and large position reporting;
- (3) Revise borrowing and counterparty exposure reporting;
- (4) Revise market factor effects reporting; and
- (5) Make certain other changes designed to streamline and enhance the value of data collected on qualifying hedge funds by: (a) adding reporting on currency exposure, turnover, country, and industry exposure; (b) adding new reporting on CCPs; (c) streamlining risk metric reporting and collecting new information on investment performance by strategy; and (d) enhancing portfolio and financing liquidity reporting.

### **a. Investment Exposure Reporting**

We are adopting, largely as proposed except as specified below, amendments to: (1) replace the table format of current Question 30, which we are redesignating as Question 32, with narrative instructions and a “drop-down” menu while also revising the instructions to specify how to report certain positions, (2) require reporting based on “instrument type” within sub-asset classes to identify whether the fund’s investment exposure is achieved through cash or physical investment exposure, through derivatives or other synthetic positions, or indirectly (*e.g.*, through a pooled investment such as an ETF, an investment company, or a private fund), (3) require the calculation of “adjusted exposure” for each sub-asset class (*i.e.*, require (in addition to value as currently reported) the calculation of “adjusted exposure” for each sub-asset class that allows netting across instrument types representing the same reference asset within each sub-asset class, and, for fixed income, within a prescribed set of maturity buckets), (4) require uniform interest rate risk measure reporting for sub-asset classes that have interest rate risk (while eliminating the current option to report one of duration, weighted average tenor (WAT), or 10-year equivalents),

and (5) amend the list of reportable sub-asset classes consistent with these other changes and collect enhanced information for some asset types.<sup>267</sup>

*Narrative reporting instructions and additional information on how to report.*

We are adopting, as proposed, amendments to the redesignated Question 32 which will require advisers to use a series of “drop-down” menu selections for each sub-asset class and the applicable information required for each sub-asset class. These changes and new format will simplify and specify how to report the required information in redesignated Question 32. These changes will reduce filer burdens compared to the current format because advisers will only be required to provide information for sub-asset classes in which their qualifying hedge funds hold relevant positions. Furthermore, advisers will be required to report the absolute value of short positions, include positions held in side-pockets as positions of the reporting fund, and include any closed out and OTC forward positions that have not yet expired or matured. We did not receive comment on these amendments.

We are adopting, as proposed, amendments to the instructions to redesignated Question 32 to specify how advisers should classify certain positions. This change is designed to instruct advisers how to classify positions that could be accurately classified in multiple sub-asset classes and is consistent with SEC staff Form PF Frequently Asked Questions.<sup>268</sup> Specifically, the instructions require advisers to choose the sub-asset class that describes the position with the highest degree of precision, which will result in more accurate classification of positions and therefore better data, rather than simply noting that any particular position should only be included in a single sub-asset class. We did not receive comment on this instruction.

We are also adopting, as proposed, a new instruction that directs advisers to report cash borrowed via reverse repo as the short value of repos and refers advisers to the revised

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<sup>267</sup> In connection with the amendments, we are also removing current Question 44 because it is duplicative of the new reporting requirements in redesignated Question 32.

<sup>268</sup> See Form PF Frequently Asked Questions, *supra* footnote 162, Question 26.2.

definitions of “repo” and “reverse repo” in the Glossary of Terms, consistent with SEC staff Form PF Frequently Asked Questions.<sup>269</sup> This change will help reduce confusion on how to report repo information and help reduce filer errors. We did not receive comment on this instruction or the revised definitions. Finally, the amended instructions also include a revised list of sub-asset classes.<sup>270</sup>

We are also adopting, as proposed, amendments to require advisers to provide additional explanatory information in situations where a qualifying hedge fund reports long or short dollar value exposure to “catch-all” sub-asset class categories<sup>271</sup> equal to or exceeding either (1) five percent of the reporting fund’s net asset value or (2) \$1 billion.<sup>272</sup> We have observed that some funds report significant amounts of assets in these “catch-all” categories. This new explanatory requirement will inform our understanding of significant exposure reported in these “other” sub-asset classes better, which is important for assessing systemic risk. One commenter recommended a threshold of 10 percent of a fund’s net asset value, rather than five percent, for all reporting related to exposures, including to “catch-all” sub-asset classes.<sup>273</sup> We chose the five percent threshold level because it represents a level of exposure that is material to a fund’s investment performance. We also continue to believe that the impact on a fund’s returns resulting from an exposure of greater than five percent of its net asset value could be significant enough to present broader systemic risk and contagion risk. The \$1 billion threshold represents a level for large funds (*e.g.*, those with net asset values in excess of \$20 billion) that is large

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<sup>269</sup> See Form PF Frequently Asked Questions, *supra* footnote 162, Question 26.5.

<sup>270</sup> The amendments to the sub-asset class list, as well as other changes to instructions in specific parts of Question 32, are discussed below.

<sup>271</sup> These sub-asset classes include loans (excluding leveraged loans and repo), other structured products, other derivatives, other commodities, digital assets, and investments in other sub-asset classes.

<sup>272</sup> Some filers report significant exposure to these “other” categories. For example, the public Private Fund Statistics Q1 2023 (Table 46) shows about \$153 billion in aggregate QHF GNE reported as “other loans,” more than other asset categories of interest, such as ABS/structured products (*ex. MBS but excluding CLO/CDOs*) (about \$56 billion) and convertible bonds (\$122 billion) as of Q1 2023. See Private Fund Statistics Q1 2023, *supra* footnote 5.

<sup>273</sup> See MFA Comment Letter II.

enough so as to have potential systemic risk implications even if the position is less than five percent of the fund's net asset value.

*Separate reporting for positions held physically, synthetically or through derivatives and indirect exposure.* We are adopting, as proposed except as specifically indicated below, amendments to require advisers to report the dollar value of a qualifying hedge fund's long positions and the dollar value of the fund's short positions in certain sub-asset classes by "instrument type" (*i.e.*, cash/physical instruments, futures, forwards, swaps, listed options, unlisted options, and other derivative products, ETFs, exchange traded products, U.S. registered investment companies (excluding ETFs and money market funds), non-U.S. registered investment companies, internal private fund or external private fund, commodity pool, or other company, fund, or entity).<sup>274</sup> For each month of the reporting period, advisers will be required to report long and short positions in these sub-asset classes held physically, synthetically or through

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<sup>274</sup> See Form PF Glossary of Terms (definition of "instrument type"). See also Question 32(a). Sub-asset classes that require reporting by instrument type (see Question 32(a)(1)) generally include: listed equity issued by financial institutions; American Depositary Receipts; other single name listed equity; indices on listed equity; other listed equity; unlisted equity issued by financial institutions; other unlisted equity; investment grade corporate bonds issued by financial institutions (other than convertible bonds); investment grade corporate bonds not issued by financial institutions (other than convertible bonds); non-investment grade corporate bonds issued by financial institutions (other than convertible bonds); non-investment grade corporate bonds not issued by financial institutions (other than convertible bonds); investment grade convertible bonds issued by financial institutions; investment grade convertible bonds not issued by financial institutions; non-investment grade convertible bonds issued by financial institutions; non-investment grade convertible bonds not issued by financial institutions; U.S. Treasury bills; U.S. Treasury notes and bonds; agency securities; GSE bonds; sovereign bonds issued by G10 countries other than the U.S.; other sovereign bonds (including supranational bonds); U.S. state and local bonds; MBS; ABCP; CDO (senior or higher); CDO (mezzanine); CDO (junior equity); CLO (senior or higher); CLO (mezzanine); CLO (junior equity); other ABS; other structured products; U.S. dollar interest rate derivatives; non-U.S. currency interest rate derivatives; foreign exchange derivatives; correlation derivatives; inflation derivatives; volatility derivatives; variance derivatives; other derivatives; agricultural commodities; crude oil commodities; natural gas commodities; power and other energy commodities; gold commodities; other (non-gold) precious metal commodities; base metal commodities; other commodities; real estate; digital assets; investments in other sub-asset classes. These sub-asset classes are reported at the sub-asset class level and not by instrument type (*see* Question 32(a)(2)); leveraged loans; loans (excluding leveraged loans and repo); overnight repo; term repo (other than overnight); open repo; sovereign single name CDS; financial institution single name CDS; other single name CDS; index CDS; exotic CDS; U.S. currency holdings; non-U.S. currency holdings; certificates of deposit; other deposits; money market funds; other cash and cash equivalents (excluding bank deposits, certificates of deposit, and money market funds). We are also amending the Glossary of Terms to (i) amend the definitions of agency securities, convertible bonds, corporate bonds, GSE bonds, leveraged loans, sovereign bonds, and U.S. Treasury securities, in each case to include positions held indirectly through another entity, (ii) remove the definitions of crude oil, derivative exposures to unlisted equities, gold, natural gas, and power, and (iii) amend the definitions of commodities and other commodities. See Form PF Glossary of Terms. Additionally, for foreign exchange derivatives, advisers will be required to report foreign exchange swaps and currency swaps separately, and in determining dollar value, will not net long and short positions within sub-asset classes or instrument types (with the exception of spot foreign exchange longs and shorts).

derivatives, and indirectly through certain entities, separately in order to provide the Commissions and FSOC sufficient information to understand, monitor, and assess qualifying hedge funds' exposures to certain types of assets and investment products. The current instructions (and the associated definitions) require advisers to combine exposures held physically, synthetically, or through derivatives when reporting certain fixed income and other sub-asset classes.<sup>275</sup> Even when certain sub-asset classes currently separate physical and derivative exposures (*e.g.*, listed equities), all derivative instrument types are currently combined regardless of each derivative instrument type's risk characteristics. Furthermore, the form's current instructions for reporting investment exposure obtained through funds or other entities are different. For example, the current instructions require advisers to categorize ETFs based on the assets the ETF holds, while other registered investment companies are reported as a separate sub-asset class and may obscure the extent of a reporting fund's exposure to particular sub-asset classes.

As proposed, in determining the reporting fund's exposure to sub-asset classes for positions held indirectly through entities, advisers are permitted to allocate the position among sub-asset classes and instrument types using reasonable estimates consistent with their internal methodologies and conventions of service providers. In a modification from the proposal, advisers are also permitted to report an entirely indirectly held entity position in one sub-asset class and instrument type that best represents the sub-asset class exposure of the indirectly held

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<sup>275</sup> Advisers are required to report the dollar value of long and short positions for the sub-asset class (and not instrument type) for the following sub-asset classes: leveraged loans, loans (excluding leveraged loans and repo); overnight repo, term repo (other than overnight), open repo, sovereign single name CDS, financial institution single name CDS, other single name CDS, index CDS, exotic CDS, U.S. currency holdings, non-U.S. currency holdings, certificates of deposit, other deposits, money market funds, and other cash and cash equivalents (excluding bank deposits, certificates of deposit, and money market funds). *See* Question 32(a).

entity, unless the adviser would allocate the exposure of the indirectly held entity more granularly under its own internal methodologies and conventions of its service providers.<sup>276</sup>

Some commenters stated that obtaining information about a fund's indirect exposures through investments in other funds could be difficult or burdensome.<sup>277</sup> One commenter recommended allowing an adviser to select the sub-asset class that "best represents" the position.<sup>278</sup> We believe that adopting a "best represents" standard, regardless of the position size, balances the importance of obtaining more accurate and granular data with a reporting standard that is less burdensome for advisers than the proposed standard.

The increased granularity in reporting will allow for a better understanding of the activities of qualifying hedge funds and increase the utility of data collected for purposes of understanding the role qualifying hedge funds play in certain market events. For example, when monitoring funds' activities during recent market events like the March 2020 COVID-19 turmoil, the existing aggregation of U.S. treasury securities with related derivatives did not reflect the role hedge funds played in the U.S treasury market. Some commenters supported the proposed amendments to require hedge fund advisers to report their long and short holdings on a disaggregated basis.<sup>279</sup> One commenter stated that requiring private fund advisers to report both long and short positions will allow FSOC to have a complete picture of the risk exposure across private funds.<sup>280</sup> Another commenter supported disaggregated reporting of physical and synthetically held positions, stating that allowing advisers to aggregate their positions between physically held and synthetically held positions can make it difficult to understand the impact of

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<sup>276</sup> The proposed instructions would limit the "best represents" standard to reporting of positions that represent both less than (1) 5% of the reporting fund's net asset value and (2) \$1 billion. The adopted instruction removes the proposed position size condition and applies the "best represents" standard to all indirectly held exposures.

<sup>277</sup> See, e.g., MFA Comment Letter II; SIFMA Comment Letter.

<sup>278</sup> MFA Comment Letter II.

<sup>279</sup> See AFREF Comment Letter I; Better Markets Comment Letter.

<sup>280</sup> AFREF Comment Letter I.

hedge fund activity especially during periods of market instability.<sup>281</sup> We agree that the existing reporting, which allows advisers to aggregate their physical and synthetically held positions, as well as long and short exposures, obscures our understanding of the fund’s overall exposure because of the risk differences between such holdings, which reduces our ability to effectively assess systemic risk. One commenter stated that more granular disclosure of long and short holdings can help ensure that FSOC has a complete understanding of systemic risk across private funds.<sup>282</sup> Another commenter opposed all proposed requirements to report additional monthly data, including the proposed requirement to provide additional monthly exposure reporting, on the basis that such monthly data would be costly to produce and would not be more beneficial than the existing quarterly basis reporting requirements.<sup>283</sup> Obtaining more granular data on a hedge fund’s long and short positions is needed in order to provide the Commissions and FSOC sufficient information to understand, monitor, and assess qualifying hedge funds’ exposures and assess systemic risk. Further, receiving this data on a monthly basis, rather than only as of quarter end, will give us better insight into trends that may indicate systemic risk. One commenter recommended that the Commissions define “synthetic long position” and “synthetic short position” and include a threshold for when a position is considered deep-in-the-money.<sup>284</sup> As discussed more fully in section II.B.2 above, we are adopting definitions for “synthetic long position” and “synthetic short position” in the Glossary of Terms and specifying as an example when a position is considered deep-in-the-money.

*Adjusted exposure reporting.* While we will continue to require advisers to report “gross” long and short exposure, *i.e.*, the dollar value of a qualifying hedge fund’s long positions and dollar value of the fund’s short positions for various sub-asset classes (and by instrument

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<sup>281</sup> See Better Markets Comment Letter.

<sup>282</sup> AFREF Comment Letter I.

<sup>283</sup> SIFMA Comment Letter.

<sup>284</sup> MFA Comment Letter II.

type for certain sub-asset classes as explained above), we are adopting, as proposed, amendments to require advisers to also report the “adjusted” exposure of long and short positions for each sub-asset class in which a fund has a reportable position.<sup>285</sup> Based on our experience, we have found that gross exposure reporting, while useful because the information indicates fund size on a comparable basis among funds, may inflate some qualifying hedge funds’ reported long and short exposures in a way that does not properly represent the economic exposure and market risk of a reporting fund’s portfolio. For example, when only looking at gross exposure, certain relative value strategies that are designed to match long and short exposures in the same or similar (highly correlated) assets may reflect very high leverage, but not have the same level of risk as portfolios with less leverage but that are more exposed directionally. Furthermore, some advisers, for purposes of managing risk, do not view their portfolio on a “gross” basis because they do not believe it provides a meaningful measure of risk. “Gross” exposure reporting by itself presents an incomplete picture that represents a significant data gap for purposes of systemic risk analysis.

Advisers will be required to determine adjusted exposure for each “sub-asset” using a specified methodology that is designed to facilitate comparisons of the reported data, as proposed. Specifically, advisers will be required to calculate and report “adjusted exposure” of long and short positions for each sub-asset class by netting (1) positions that have the same underlying “reference asset” across “instrument type” (*i.e.*, cash/physical instruments, futures, forwards, swaps, listed options, unlisted options, other derivative products, and positions held indirectly through another entity such as ETFs, other exchange traded products,<sup>286</sup> U.S. registered

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<sup>285</sup> Question 32(b). *See also* Form PF Glossary of Terms (definition of “adjusted exposure”).

<sup>286</sup> In connection with this amendment, as proposed, we are also defining “exchange traded product” as “an investment traded on a stock exchange that invests in underlying securities or assets, such as an ETF or exchange traded note.” *See* Form PF Glossary of Terms. Given that the exchange traded product market has grown significantly since Form PF was first adopted, we believe that activity in exchange traded products may present different systemic risks than traditional listed equities and other instruments that might be used to obtain exposure to underlying assets owned within an ETF. Furthermore, we believe added insight into whether the underlying sub-

investment companies (excluding ETFs and money market funds), investments in non-U.S. registered investment companies,<sup>287</sup> other private funds, commodity pools, or other companies, funds or entities) and (2) fixed income positions that fall within certain predefined maturity buckets (*i.e.*, 0 to 1 year, 1 to 2 year, 2 to 5 year, 5 to 10 year, 10 to 15 year, 15 to 20 year, and 20+ year).<sup>288</sup>

For purposes of determining “adjusted exposure,” a fund may use cross counterparty netting consistent with information reported by the fund internally and to current and prospective investors, because we believe it better reflects the fund’s economic exposure. For example, a fund with market-neutral trades may lose substantial amounts of capital in a period of market stress if prices diverge, regardless of the identities of the counterparties. Additionally, counterparty identification may be ambiguous for some positions, such as when a fund simply has a long position in an equity security traded over an exchange or purchased from a broker without the use of any financing.

Finally, if a fund does not net across all instrument types in monitoring the economic exposure of the fund’s investment positions for purposes of internal reporting and reporting to investors, we will (in addition to adjusted exposure determined as specified above) also require the adviser to report adjusted exposure based on an adviser’s internal methodology and describe in Question 4 how the adviser’s internal methodology differs from the standard approach in

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asset class exposure is held through an ETF will enhance FSOC’s analysis of systemic risk associated with this asset class.

<sup>287</sup> See Form PF Glossary of Terms (definition of “investments in non-U.S. registered investment companies”). Furthermore, we are also removing the term “U.S. registered investment companies” from the Form PF Glossary of Terms.

<sup>288</sup> See Form PF Glossary of Terms. We are adopting, as proposed, a definition of “reference asset” as a security or other investment asset to which a fund is exposed through direct ownership (*i.e.*, a physical or cash position), synthetically (*i.e.* the subject of a derivative or similar instrument held by the fund), or indirect ownership (*e.g.*, through ETFs, other exchange traded products, U.S. registered investment companies, non-U.S. registered investment companies, internal private funds, external private funds, commodity pools, or other companies, funds, or entities). An adviser may identify a reporting fund’s reference assets according to its internal methodologies and the conventions of service providers, provided that these methodologies and conventions are consistently applied, do not conflict with any instructions or guidance relating to Form PF and reported information is consistent with information it reports internally and to investors and counterparties. In a change from the proposal, we are modifying the defined maturity buckets to remove the 10 -year and 15-year buckets to reduce potential confusion.

Question 32. This additional information will provide better insight into how these advisers assess the economic exposure of their reporting fund's portfolio, while still ensuring an adviser provides information that supports our and FSOC's ability to aggregate and compare the data across funds.

One commenter stated that the prescribed methodology for calculating netted exposure would be burdensome and that the Commissions underestimated the costs associated with this calculation.<sup>289</sup> One commenter stated that requiring monthly sub-asset class information, including adjusted exposure data, would not facilitate systemic risk monitoring because existing quarterly reporting provides the Commissions with similar information.<sup>290</sup> Receiving exposure data on a monthly basis will allow us to better understand interim changes in exposures that may be relevant to systemic risk assessment that are not visible from the existing quarterly data.<sup>291</sup> As discussed more fully in section IV.C below, identifying sub-asset classes will not be significantly burdensome because advisers will generally only need to make this determination once, with ongoing monitoring (and any reclassifications) relatively limited.<sup>292</sup> Further, because a fund may use cross counterparty netting consistent with information reported by the fund internally for purposes of determining adjusted exposure, the adjusted exposure reporting should not be significantly burdensome, particularly for funds using common aggregator protocols, because a fund can leverage its existing internal reporting methodology.

*Require advisers to report a uniform interest rate risk measure.* We are adopting, as proposed, amendments to require advisers to report the 10-year zero coupon bond equivalent<sup>293</sup>

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<sup>289</sup> MFA Comment Letter II.

<sup>290</sup> SIFMA Comment Letter.

<sup>291</sup> See *infra* section IV.C of this Release for discussion of costs and benefits.

<sup>292</sup> *Id.* See also *infra* section V of this Release for discussion of our increased cost estimates.

<sup>293</sup> As discussed further below in section II.D of this Release, we are adopting, with a modification from the proposal, a new glossary definition of 10-year bond equivalent to explain that the term 10-year bond equivalent means "the equivalent position in a 10-year zero coupon bond, expressed in U.S. dollars." See Form PF Glossary of Terms (definition of "10-year bond equivalent"). We are also making a conforming change to the definition of interest rate derivative to use this new definition.

for all sub-asset classes with interest rate risk (by instrument type if applicable)<sup>294</sup> rather than providing advisers with a choice to report duration, weighted average tenor (“WAT”), or an unspecified 10-year bond equivalent.<sup>295</sup> Advisers will be required to report the 10-year zero coupon bond equivalent of the dollar value of long and short positions in each sub-asset class (and by instrument type, if applicable) as well as for the adjusted exposure of long and short exposures for each sub-asset class for each monthly period.

The amendment will improve reporting and allow us to obtain better data, because the current approach, while providing optionality, makes it difficult to compare and aggregate data reported by different funds effectively. Furthermore, the 10-year zero coupon bond equivalent is appropriate because it is commonly used by hedge fund advisers and will be a better and more consistent measure of interest rate risk than duration, WAT, or the current unspecified 10-year equivalent. WAT may be an incomplete measure because it does not always reflect the presence of options embedded in bonds or differing sensitivity to interest rate changes in circumstances where base currencies are subject to a higher or lower risk-free rate, and it also may not be meaningful for interest rate derivative products. Duration can tend toward infinity for certain derivatives and so can provide little meaning or utility. In addition, methodologies for calculations of duration and a 10-year equivalent (if not standardized to a zero coupon bond) may vary, which can result in variability among calculations, and requiring use of the 10-year

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<sup>294</sup> We are adopting amendments to require advisers to report the 10-year zero coupon bond equivalent for the following sub-asset classes: investment grade corporate bonds issued by financial institutions (other than convertible bonds); investment grade corporate bonds not issued by financial institutions (other than convertible bonds); non-investment grade corporate bonds issued by financial institutions (other than convertible bonds); non-investment grade corporate bonds not issued by financial institutions (other than convertible bonds); investment grade convertible bonds issued by financial institutions; investment grade convertible bonds not issued by financial institutions; non-investment grade convertible bonds issued by financial institutions; non-investment grade convertible bonds not issued by financial institutions; U.S. Treasury bills; U.S. Treasury notes and bonds; U.S. agency securities; GSE bonds; sovereign bonds issued by G10 countries other than the U.S.; other sovereign bonds (including supranational bonds); U.S. state and local bonds; leveraged loans; loans (excluding leveraged loans and repo); overnight repo; term repo (other than overnight); open repo; MBS; ABCP; Senior or higher CDO; Mezzanine CDO; Junior equity CDO; Senior or higher CLO; Mezzanine CLO; Junior equity CLO; other ABS; other structured products ; U.S. dollar interest rate derivatives; non-U.S. currency interest rate derivatives; and certificates of deposit. *See* Question 32(c).

<sup>295</sup> *See* Question 32(c).

zero coupon bond equivalent will provide comparability across the reported data. Therefore, eliminating additional reporting options and requiring the 10-year zero coupon bond equivalent will provide a common denominator across funds that advisers will be able to easily calculate and that will provide a consistent and comparable metric. In this regard, the requirement should not create an additional burden for advisers that currently report based on a 10-year equivalent for these types of assets, which we estimate represents roughly 42 percent of the total number of advisers responding to Question 32.<sup>296</sup>

One commenter stated that because the definition of “10-year bond equivalent” specifies the expression in the fund’s base currency, for transactions not in the fund’s base currency, there would need to be a foreign exchange conversion into the base currency and an additional conversion into U.S. dollars for certain questions, which would be burdensome.<sup>297</sup> As discussed further below in section II.D below, we are modifying the “10-year bond equivalent” definition to reference U.S. dollars, rather than the reporting fund’s base currency. Therefore, an adviser in this scenario would not be required to perform any additional exchange conversions.

*Amended list of sub-asset classes.*

We are adopting, as proposed, amendments to the list of reportable sub-asset classes in Question 32 in two respects. First, some sub-asset classes are consolidated and tailored to reflect the adopted reporting of the dollar value of long and short positions by instrument type. For example, sub-asset classes for listed and unlisted equity derivatives are combined with sub-asset classes for listed and unlisted equities, and similarly, sub-asset classes for physical commodities and commodity derivatives are combined.<sup>298</sup> Likewise, some current sub-asset classes will now

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<sup>296</sup> Based on analysis of Form PF data 2022Q4, 2021Q4, and 2020Q4.

<sup>297</sup> See AIMA/ACC Comment Letter.

<sup>298</sup> In connection with these amendments, we are amending the definitions of “listed equity” and “unlisted equity” to reflect that filers should include synthetic or derivative exposure as well as positions held indirectly through another entity (e.g., through an ETF, exchange traded product, U.S.-registered investment companies, non-U.S. registered investment companies, internal private fund or external private fund, commodity pool, or other company, fund, or entity). Additionally, we are amending the definition of “listed equity derivatives” to include

be reflected as instrument types, such as internal private funds, external private funds, and registered investment companies (now separated into ETFs, U.S. registered investment companies, and non-U.S. registered investment companies). Second, we are adding new sub-asset classes to provide additional information to help the Commissions and FSOC better understand qualifying hedge funds' investment exposures to certain asset types and reduce reporting in certain "catch-all" sub-asset classes, such as "other listed equity."

We are also adopting amendments to: (1) expand equity exposure reporting to add sub-asset classes for (a) listed equity securities (including new sub-asset classes for other single name listed equities and indices on listed equities), and (b) American depository receipts ("ADRs"); (2) add additional sub-asset classes for reporting "repo" and "reverse repo" positions, based on term; (3) add additional sub-asset classes for asset backed securities ("ABS") and other structured products; (4) add new sub-asset classes and revise existing sub-asset classes that capture certain derivatives, including certain credit derivatives and volatility and variance derivatives; (5) specify sub-asset classes pertaining to investments in cash and cash equivalents and commodities; and (6) add a new sub-asset class for digital assets.

One commenter opposed requiring more detailed disclosure of a fund's holdings and recommended that the Commissions leverage existing data sources, such as existing Form PF, Form 13F and 13H, and CFTC Form CPO-PQR reporting, to obtain more granular information about a fund's holdings.<sup>299</sup> We disagree that existing data sources can provide the amended fund-specific sub-asset class information. As discussed above, we have identified information gaps in the data reported on the existing Form PF based on our experience. From these data sets, we are unable to determine the full extent of a fund's exposure because the different types of

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derivatives relating to ADRs, and other derivatives relating to indices on listed equities. *See* Form PF Glossary of Terms (definition of "listed equity," "unlisted equity," and "listed equity derivatives").

<sup>299</sup> *See* SIFMA Comment Letter.

exposures are combined, despite different exposures having differing risk characteristics.<sup>300</sup> This commenter also stated that the requirement to report more granular sub-asset class data would be overly burdensome and costly to report and that we should use other data sources for this information.<sup>301</sup> These amendments to the sub-asset class list more accurately reflect a fund's holding than other data sources and current Form PF reporting, which does not provide this level of specificity. Identifying sub-asset classes will not be significantly burdensome to report because advisers will generally only have to make this determination once and their ongoing monitoring (and any reclassifications) should be relatively limited. This commenter also raised confidentiality concerns and stated that the detailed sub-asset class data could enable a person with access to the data to recreate a private fund's investment strategy.<sup>302</sup> The asset class level data reported on Form PF, which is filed on a non-public basis, is not sufficiently detailed or reported on a basis frequent enough to present significant risk of misuse or enable reverse engineering of a particular fund's investment strategy.

*Listed equity securities.*

We are adding, as proposed, new sub-asset classes for certain categories of listed equity securities, specifically, for other single name listed equities and indices on listed equities. This change will provide more granularity to reporting on listed equities<sup>303</sup> given the potential impact of these new sub-asset classes from an overall systemic risk perspective, as the form currently only requires advisers to single out and report listed equities issued by financial institutions with

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<sup>300</sup> For example, Forms 13F and 13H do not collect fund-specific information, and only a small sub-set of Form PF filers (commodity pool operators and commodity trading advisors) are required to file Form CPO-PQR. As discussed above, we have identified information gaps in the data reported on the existing Form PF based on our experience.

<sup>301</sup> See SIFMA Comment Letter. See also *infra* at section IV.C of this Release for discussion of costs and benefits.

<sup>302</sup> See SIFMA Comment Letter.

<sup>303</sup> See current Question 26 and Question 30, which required reporting on listed equities but did not separate out single names from indices. Investments in single name equities involve materially more idiosyncratic risks, such as the potential for more extreme price movements that are not correlated to other market movements, than investments in indices, and therefore we have adopted amendments to require separate reporting.

all other listed equities reported in a catch-all category “other listed equity.” Identifying single equities separately from equity index exposure can help distinguish broadly diversified portfolios from those that could be more concentrated and also help to identify what strategies are being pursued by multi-strategy funds. Additionally, single equity positions may be more vulnerable to short squeezes than index positions, so this level of granularity will help to better identify entities that may be affected during a short squeeze event.<sup>304</sup>

One commenter stated that the proposed instructions do not specify whether the reporting fund’s listed equity security holdings should include both the reporting fund’s holding in shares of an ETF as well as the listed equity holdings of the same ETF.<sup>305</sup> Another commenter stated that the proposed question is unclear how advisers should report indirect holdings, such as positions held through entities such as ETFs, and recommended permitting advisers to allocate its exposures using any reasonable methodology.<sup>306</sup> In consideration of this comment, we are adopting instructions to Question 32 to provide that in determining a reporting fund’s exposure to sub-asset classes for positions held indirectly through entities, such as through an ETF, the adviser may allocate the position among sub-asset classes and instrument types using reasonable estimates consistent with the adviser’s internal methodologies and conventions of service providers, and the adviser may report an entirely indirectly held entity position in one sub-asset class and instrument type that best represents the sub-asset class exposure of the indirectly held entity unless the adviser would allocate the exposure of the indirectly held entity more granularly under the adviser’s own internal methodologies and conventions of its service providers.<sup>307</sup>

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<sup>304</sup> A short squeeze is a type of manipulation in which prices are manipulated upward to force short sellers out of their positions, as short sellers are required by brokers to maintain margin above a certain level, and as prices rise short sellers must add cash to their margin accounts or close out their short positions. Single stock shorts often account for a higher portion of the available float and/or often have a larger period of days to cover (*i.e.*, the number of trading days to cover a short) than do shorts on ETFs. As a result, a potential need to cover a short could generally have a more pronounced effect on single stocks.

<sup>305</sup> AIMA/ACC Comment Letter.

<sup>306</sup> MFA Comment Letter II.

<sup>307</sup> *See* Question 32.

*ADRs.*

We are adding, as proposed, a new sub-asset class for ADRs in line with how ADRs are reported on the CFTC’s Form CPO-PQR.<sup>308</sup> While ADRs are purchased in U.S. dollars, these instruments have currency risk because the underlying security is priced in its home country currency, and the ADR’s U.S. dollar price fluctuates one-for-one with each movement in the home currency. Accordingly, advisers will be required to report ADRs separately from other listed equity instruments. This requirement also will help increase the utility of the information reported under the “other listed equity” sub-asset class on Form PF, which requires reporting of multiple other sub-asset classes. We did not receive comment on the proposed addition of an ADR sub-asset class.

*Repurchase Agreements (“Repos”).*

We are adding, as proposed, additional sub-asset classes to the “repos” section of Question 32 to capture a breakdown of repos by term (*e.g.*, overnight, other than overnight, and open term). Hedge funds often borrow cash overnight and pledge securities such as government bonds as collateral. Collecting more information on the different types of repos held by qualifying hedge funds will allow the Commissions and FSOC to understand better the role of these funds in potentially amplifying funding stresses and the risks associated with short-term funding for certain trading strategies, particularly in light of the issues the repo market experienced during the fall of 2019 and in March 2020.<sup>309</sup> We did not receive comment on adding sub-asset classes for repos.

*Asset Backed Securities (“ABS”)/structured products.*

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<sup>308</sup> As noted above, where applicable, we are adopting amendments to align Form PF with Form CPO-PQR to (1) enable filers that currently are required to file both Form PF and Form CPO-PQR independently to compile and use similar data in completing both forms, and (2) enable users of the reported data (*e.g.*, FSOC and other regulatory agencies) to (i) link data for funds that file both forms, and (ii) aggregate and compare data across data sets more easily.

<sup>309</sup> See, *e.g.*, 2021 Financial Stability Oversight Council Annual Report at 12 and 159, *available at* <https://home.treasury.gov/system/files/261/FSOC2021AnnualReport.pdf>.

As proposed, we are separating the collateralized debt obligation (“CDO”) and collateralized loan obligation (“CLO”) sub-asset class in Question 32 into two separate sub-asset classes (one for CDOs and one for CLOs), and further breaking out each of these new sub-asset classes based on the seniority of the instrument (*e.g.*, senior, mezzanine, and junior tranches) similar to the reporting approach on the CFTC’s Form CPO-PQR.<sup>310</sup> The changes are designed to provide separate reporting for CDOs and CLOs, which is important because CDOs and CLOs are fundamentally different financial products and the current combined reporting obscures the specific attributes of each product.

One commenter supported the disclosure of CDOs and CLOs as separate sub-asset classes because of the different investment and risk characteristics of these assets and the systemic risks associated with both asset classes.<sup>311</sup> We agree. Furthermore, given the recent focus on CLOs by FSOC<sup>312</sup> in monitoring systemic risk, having detailed product specific data for CDOs and CLOs is justified due to the potential value this information can provide for systemic risk monitoring.

*Credit, Foreign Exchange, Interest Rate, and Other Derivatives.*

We are revising, as proposed, the credit, foreign exchange, and interest rate and other derivative sub-asset classes to provide more detailed reporting. For example, with respect to credit derivatives, the amended sub-asset classes will collect more detail on single name CDS exposure to capture better information on risk signals from these instruments by adding separate sub-asset classes for sovereign single name CDS, financial institution single name CDS, and

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<sup>310</sup> See Form PF Glossary of Terms (definitions of “CDO” and “CLO”). We are separating the current definition of “CDO/CLO” into a separate definition for each financial product. The definition of CDO only includes collateralized debt obligations (including cash flow and synthetic) and the definition of CLO includes collateralized loan obligations (including cash flow and synthetic) other than MBS and does not include any positions held via CDS. See also *supra* footnote 308 (regarding the alignment of Form PF with Form CPO-PQR).

<sup>311</sup> NASAA Comment Letter.

<sup>312</sup> See United States Government Accountability Office, Report to Agency Officials, “FINANCIAL STABILITY Agencies Have Not Found Leveraged Lending to Significantly Threaten Stability but Remain Cautious Amid Pandemic,” Dec. 2020, available at <https://www.gao.gov/assets/gao-21-167.pdf>.

other single name CDS (to capture any credit derivatives that do not fall into the other enumerated CDS categories).<sup>313</sup> An increase in single name CDS exposure may signify a bet against an entity or the market more generally, which may have significant systemic risk implications, particularly with respect to concentrated single-issuer positions that can drive more extreme price movements and face difficulties in the unwinding process, and for counterparties on the other side of highly leveraged trades when the market moves against these positions.<sup>314</sup> Furthermore, single name CDS exposure can represent important, concentrated risk positions for a fund, similar to large single equity positions, which can be connected to market contagion events, and have systemic risk and market liquidity implications.

Similarly, we are adding more detailed reporting for foreign exchange derivatives by adding separate sub-asset classes for foreign exchange swaps and currency swaps consistent with reporting to the Bank for International Settlements (“BIS”), while removing the less useful requirement of separate reporting for foreign exchange derivatives used for investment and hedging, as we have found the data of limited value because we do not believe that information is reported consistently across filers.<sup>315</sup> Adding separate reporting for different types of foreign exchange instruments (*e.g.*, foreign exchange swaps and currency swaps) is appropriate because they have materially different risk characteristics, including different maturity profiles, and may be executed under different documentation which could affect their ability to be netted against one another. We refer to the BIS framework because we understand that it reflects a commonly

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<sup>313</sup> See also Form PF Glossary of Terms (revised definition of “single name CDS”). We are also removing “credit derivatives” and “risk limiting conditions” as defined terms because they are no longer used in the form.

<sup>314</sup> The CFTC’s Form CPO-PQR also requests information on single name financial CDS, and the revised IOSCO Global Fund Investment Survey also collects this information.

<sup>315</sup> In connection with these changes, we are also adopting changes to the definition of “foreign exchange derivative” to improve data quality with respect to how advisers report foreign exchange derivative exposure. We are revising the definition to (1) now include any derivative whose underlying asset is a currency other than the base currency of the reporting fund, (2) provide additional information on the treatment of cross-foreign exchange versus regular foreign exchange, and (3) require reporting of both legs of cross currency foreign exchange derivatives to reflect exposures from such transactions. See Form PF Glossary of Terms (revised definition of “foreign exchange derivative”).

accepted industry approach for classifying these instruments. Furthermore, given the significance of hedge funds' exposure to these instruments, more granular information will better inform our understanding of systemic risk issues that may arise from holdings in these different types of instruments.

We are also dividing the current "interest rate derivatives" sub-asset class into "U.S. dollar interest rate derivatives" and "non-U.S. currency interest rate derivatives." This added sub-asset class granularity is important because we have found that Form PF data consistently shows interest rate derivatives as the sub-asset class to which qualifying hedge funds have the greatest exposure over time. A better understanding of whether these exposures are related to the U.S. dollar yield curve or other countries' yield curves is important from a systemic risk analysis perspective. Finally, we are adding new sub-asset classes for various types of derivatives that are regularly used by hedge funds including correlation derivatives, inflation derivatives, volatility derivatives, and variance derivatives, which will both provide additional insight into how qualifying hedge funds use these types of financial instruments and further limit the number and type of derivatives that advisers report in the "catch-all" "other derivatives" category.<sup>316</sup>

More detailed reporting of currency exposure arising from foreign exchange derivatives is important for systemic risk. The requirement to select the sub-asset class that best represents the investment will address concerns about any burdens associated with obtaining this information.

Although one commenter generally opposed the inclusion of additional sub-asset classes,<sup>317</sup> we did not receive comment on these particular sub-asset class revisions. As discussed more fully above in the context of particular amendments to the sub-asset class list, the amendments to the sub-asset class list that we are adopting more accurately reflect a fund's

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<sup>316</sup> In connection with these amendments, we are also adding new definitions to the Glossary of Terms for "correlation derivative," "inflation derivative," "volatility derivative," and "variance derivative." See Form PF Glossary of Terms.

<sup>317</sup> See SIFMA Comment Letter.

holding than other data sources and current Form PF reporting and are important for systemic risk analysis. Understanding sub-asset class exposure on a more granular level will enhance our understanding of qualifying hedge funds' investment exposures to different asset classes and instruments that may present different systemic risks. These amendments will also enhance data quality by reducing the asset reporting that is currently made in "catch-all" categories or less precise categories, such as a sovereign single name CDS that would currently be categorized more generically as a single name CDS.

*Cash and Commodities.*

We are adopting, as proposed, revisions to the sub-asset class categories for cash and commodities. We are adopting amendments to require advisers to break out cash and cash equivalents<sup>318</sup> between U.S. currency holdings and non-U.S. currency holdings, while also removing the current requirement to report on investments in funds for cash management purposes (other than money market funds) because in our experience advisers use inconsistent methods for determining whether a private fund investment is being used for cash management purposes and other information reported in section 2 is more useful for assessing liquidity management (*e.g.*, Question 38 with respect to unencumbered cash).<sup>319</sup>

One commenter supported separate reporting of U.S. Treasury security holdings and cash and cash equivalents on the basis that including these asset classes together can obscure information about a fund's holdings.<sup>320</sup> Another commenter opposed the proposed revision to the definition of "cash and cash equivalents" to remove treasury securities on the basis that such

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<sup>318</sup> Some advisers include treasuries in their reporting of "cash" because it was part of the current definition of "cash and cash equivalents." We are revising the definition of "cash and cash equivalents" to reflect that treasuries should not be included in the "cash and cash equivalents" sub-asset class. In connection with this change we also are adding a new separate definition for "government securities." *See* Form PF Glossary of Terms (revised definition of "cash and cash equivalents" and definition of "government securities"). *See also* discussion at section II.B.2 of this Release regarding the revised definitions of cash and cash equivalents and government securities.

<sup>319</sup> Additionally, in many cases we will be able to obtain more information about all internal fund investments (including whether a fund looks like a cash management vehicle) through the new information the amendments require to be reported in section 1b. *See* discussion at section II.B.2 of this Release.

<sup>320</sup> *See* AFREF Comment Letter I.

an exclusion would be inconsistent with market practice of treating short-term treasury securities as a cash equivalent for risk management and cash management purposes.<sup>321</sup> It is important to understand a reporting fund’s exposure to treasury securities distinct from its cash and cash equivalent holdings because of the different risk profiles of these asset categories, as demonstrated by recent market events.<sup>322</sup> We continue to believe that removing the treasury securities from the definition of “cash and cash equivalents” is appropriate and will provide more useful data and promote consistency across filers.

Additionally, we are broadening the current power commodity sub-asset classes to also capture other energy commodities and add additional commodity sub-asset classes (*e.g.*, other (non-gold) precious metals, agricultural commodities, and base metal commodities) to provide added granularity with respect to these financial products given their potential systemic risk implications and to better inform our and FSOC’s understanding of the activities of hedge funds in these important commodities markets. We have found that a limitation of the current form is that very different commodities (*e.g.*, wheat and nickel) are reported together in the same sub-asset class (*i.e.*, “other commodities”) making the reported data less meaningful for analysis. With added granularity, we will be in a better position to identify concentrated exposures to particular commodities, data that could be valuable in the event of a dislocation in a particular commodity market.<sup>323</sup> The additional commodity sub-asset classes that we are adding, *i.e.*, other

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<sup>321</sup> MFA Comment Letter II.

<sup>322</sup> *See, e.g.*, Group of Thirty Working Group on Treasury Market Liquidity, *U.S. Treasury Markets: Steps Toward Increased Resilience*, (2021), available at <https://group30.org/publications/detail/4950> (discussing recent market stress events in the U.S. Treasury securities market).

<sup>323</sup> For example, we believe the addition of a base metal commodities sub-asset class will allow for identification of large players in the base metals market (such as those impacted by the Mar. 2022 “nickel squeeze”). During the Mar. 2022 “nickel squeeze,” the price of nickel rose unusually steeply and rapidly in response to commodity price increases caused by Russia’s invasion of Ukraine, and this event, coupled with one or more market participants holding large short positions, caused prices to increase in an extreme manner (*e.g.*, a one-day increase of 63% for the generic first futures contract on Mar. 7, 2022). *See, e.g.*, Shabalala, Zandi, Nickel booms on short squeeze while other metals retreat, Reuters (Mar. 2022), available at <https://www.reuters.com/markets/europe/lme-nickel-jumps-another-10-after-record-rally-supply-fears-2022-03-08/>; Nagarajan, Shalini, Nickel Trading Halted at LME Until Friday After Wild Price Spike (businessinsider.com) (Mar. 2022), available at <https://markets.businessinsider.com/news/commodities/nickel-price-london-metal-exchange-suspends-trading->

(non-gold) precious metals, agricultural commodities, and base metal commodities, were chosen because they are most relevant from a systemic risk perspective given the size of these markets and what we currently know of hedge fund exposures to these markets.<sup>324</sup> We did not receive comments on these proposed changes to the commodity sub-asset classes.

### *Digital Assets.*

We are adopting, as proposed, a new sub-asset class for digital assets. However, as discussed more fully above in section II.B.3 of this Release, we are not adopting the proposed definition of “digital assets.”<sup>325</sup> We have observed the growth as well as the volatility of this asset class in recent years.<sup>326</sup> We understand that many hedge funds have been formed recently to invest in digital assets, while many existing hedge funds are also allocating a portion of their portfolios to digital assets.<sup>327</sup> Accordingly, it is important to collect information on funds’ exposures to digital assets in order to understand better their overall market exposures. Although we are not adopting the proposed definition of “digital assets” at this time, we are adding an instruction to Question 32 that states if a particular asset could be classified as both a digital asset and another asset, the adviser should report the asset as the non-digital asset. For example, a money market fund that is traded on a blockchain should be reported as a money market fund, rather than as a digital asset. This is designed to reduce potential confusion, narrow the assets that are reported as digital assets under the form and improve data quality.

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[shanghai-short-squeeze-2022-3#:~:text=The%20London%20Metal%20Exchange%20has,17%25%20to%20their%20daily%20limit.](#)

<sup>324</sup> These adopted changes with respect to commodities sub-asset classes will also better align Form PF with Form CPO-PQR.

<sup>325</sup> See discussion at section II.B.3 of this Release.

<sup>326</sup> The global market for crypto assets is valued by some estimates at approximately \$900 billion as of Dec. 2022. See, e.g., Global Cryptocurrency Market Cap Charts, CoinGecko, available at <https://www.coingecko.com/en/global-charts> (last visited on Oct. 12, 2023). Volatility in the price of crypto assets has caused this number to fluctuate considerably over the past few years. For example, in July of 2020 the market was estimated to be worth approximately \$276 billion, but went on to reach a peak value of approximately \$3 trillion by Nov. 2021. *Id.*

<sup>327</sup> See C. Williamson, Managers Taking Bigger Steps Into Crypto, *Pensions & Investments* (Mar. 2022), available at <https://www.pionline.com/cryptocurrency/hedge-fund-managers-taking-bigger-steps-cryptocurrehttps://www.pionline.com/cryptocurrency/hedge-fund-managers-taking-bigger-steps-cryptocurrency>.

One commenter recommended requiring disclosure of digital asset exposure on a quarterly or biannual basis for all filers due to the general volatility of digital assets and the potential for systemic risk.<sup>328</sup> All large hedge fund advisers are required to file Form PF on a quarterly basis, so we will receive data on digital asset exposure from these filers on a quarterly basis. In addition, as discussed more fully above in section II.B.3 of this Release, we are adopting amendments which require all hedge fund advisers, including large hedge fund advisers, to disclose the reporting fund's use of digital asset investment strategies.

*Open and Large Position Reporting.*

We are adopting, as proposed, amendments to require advisers to qualifying hedge funds to report the top five long and short netted positions and the top ten netted long and short positions. This amendment will provide a holistic view of a reporting fund's portfolio concentration. We also understand that these are commonly used industry metrics for assessing portfolio concentration levels. We are defining "netted exposure" as the sum of all positions with legal and contractual rights that provide exposure to the same reference asset, taking into account all positions, including offsetting and partially offsetting positions, relating to the same reference asset (without regard to counterparties or issuers of a derivative or other instrument that reflects the price of the reference asset), as proposed.<sup>329</sup> Currently, advisers to qualifying hedge funds are required to report (1) a fund's total number of "open positions" determined on the basis of each position and not with reference to a particular issuer or counterparty,<sup>330</sup> and (2) the percentage of a fund's net asset value and sub-asset class for each open position that represents five percent or

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<sup>328</sup> AFREF Comment Letter I.

<sup>329</sup> Netted exposure to a reference asset may either be long or short, and advisers will be required to determine the value of each netted exposure to each reference asset in U.S. dollars, expressed as the delta adjusted notional value, or as the 10-year bond equivalent for reference assets that are fixed income assets. Advisers will not report exposure to cash and cash equivalents. *See* Question 39. *See also* Form PF Glossary of Terms (definition of "netted exposure").

<sup>330</sup> Current Question 34.

more of a fund's net asset value.<sup>331</sup> Advisers to qualifying hedge funds will now be required to report (1) the total number of reference assets to which a fund holds long and short netted exposure, (2) the percentage of net asset value represented by the aggregate netted exposures of reference assets with the top five long and short netted exposures, and (3) the percentage of net asset value represented by the aggregate netted exposures of reference assets representing the top ten long and short netted exposures. These amendments are designed to provide insight into the extent of a fund's portfolio concentration and large exposures to any reference assets. We have found that advisers use different methods for identifying and counting their "open positions," which has made making meaningful comparisons among funds difficult. This has also potentially obscured certain large exposures, which may make concentration assessments less exact. For example, an "open position" might indicate a position held physically, or synthetically through derivatives, or both.

Advisers will also be required to provide certain information on a fund's reference asset to which the fund has gross exposure (as of the end of each month of the reporting period), largely as proposed, equal to or exceeding (1) one percent of net asset value, if the reference asset is a debt security and the reporting fund's gross exposure to the reference asset exceeds 20 percent of the size of the overall debt security issuance, (2) one percent of net asset value, if the reference asset is a listed equity and the reporting fund's gross exposure to the reference asset exceeds 20 percent of average daily trading volume measured over 90 days preceding the reporting date, or (3) (a) five percent of the reporting fund's net asset value or (b) \$1 billion.<sup>332</sup> Advisers will be required to report: (1) the dollar value (in U.S. dollars) of all long and the dollar value (in U.S. dollars) of all short positions with legal and contractual rights that provide exposure to the reference asset; (2) netted exposure to the reference asset; (3) sub-asset class and instrument

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<sup>331</sup> Current Question 35.

<sup>332</sup> In a modification from the proposal, the adopted instructions add reference to the size of the *overall* debt security issuance (emphasis added) to specify the appropriate calculation. Further, the reference to a "listed equity security" has been modified to "listed equity" to align with the defined term used in the Glossary of Terms.

type; (4) the title or description of the reference asset; (5) the reference asset issuer (if any) name and LEI; (6) CUSIP (if any);<sup>333</sup> and (7) if the reference asset is a debt security, the size of issue, and if the reference asset is a listed equity, the average daily trading volume, measured over 90 days preceding the reporting date, as proposed. Additionally, advisers may at their option choose to provide the FIGI for the reference asset, but they are not required to do so.<sup>334</sup> We are defining “gross exposure” to a “reference asset” as the sum of the absolute value of all long and short positions with legal and contractual rights that provide exposure to the reference asset, as proposed.<sup>335</sup> We considered varying levels of thresholds and believe that the thresholds described above are appropriate based on the following reasoning. First, the five percent threshold has been carried over from the current version of Form PF and is also a commonly used metric for identifying significant positions in a portfolio.<sup>336</sup> In addition, while a portfolio is generally viewed as diversified when it holds at least 20 different positions, when a position goes above five percent it reduces portfolio diversification. Second, the \$1 billion threshold represents a level for large funds (*e.g.*, those with net asset values in excess of \$20 billion) that is large enough so as to have potential systemic risk implications even if the position is less than five percent of the fund. Finally, the one percent of net asset value and 20 percent of issuance or average trading volume thresholds are aimed at limiting filer burdens while still providing insight into the risks associated with a position that may be small relative to a fund’s overall portfolio, but which constitutes a large fraction of the market for a particular holding, given that a liquidation by one fund can trigger a disorderly liquidation. A disorderly liquidation of this kind may raise systemic risk

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<sup>333</sup> Advisers will also be required to provide at least one of the following other identifiers: (1) ISIN; (2) ticker if ISIN is not available); or (3) other unique identifier (if ticker and ISIN are not available). For reference assets with no CUSIP, or other identifier, advisers will be required to describe the reference asset. *See* Question 40(a).

<sup>334</sup> *See* Question 40(a)(xi).

<sup>335</sup> *See* Question 40 and Form PF Glossary of Terms (revised definition of “gross exposure”).

<sup>336</sup> *E.g.*, Schedule 13G/13D uses a 5% threshold.

concerns as it may lead to liquidation losses at other funds for which the position is more impactful and possibly lead to a cascade of additional unwinds.

The purpose of these amendments is to improve our ability to assess the magnitude of hedge fund portfolio concentration, as well as to identify directional exposure. From a systemic risk and an investor protection perspective, high portfolio concentration carries the risk of amplified losses that can occur when a fund's investment represents a large portion of a particular investment, asset class, or market segment. Leveraged portfolios further amplify this risk. The amendments are designed to better capture a fund's concentration risk (*e.g.*, where gross exposure to a reference asset is large compared to the fund's NAV and/or compared to the market for a reference security). Reporting positions that are large compared to market size also may provide some insight about whether multiple firms are "crowding" into trades in certain types of securities or other financial assets. Such "crowding" may increase the risk that one fund's forced selling may trigger systemic effects across a particular market.

Collecting information about the composition of exposure to a reference asset will allow us and FSOC to link the information reported in Question 40 to exposure reporting in Question 32, which will give the reported data added context and facilitate understanding of a fund's investment portfolio and assessment of any implications for systemic risk and investor protection purposes. For example, in a convertible arbitrage trade involving a position in a convertible bond and an offsetting position in the equity securities of the same issuer, reference asset exposure might be obtained by positions in two different sub-asset classes (*i.e.*, investment grade convertible bonds and equities) and using a combination of instrument types (*e.g.*, physical ownership and futures or a swap). The combination of information reported in Question 32 and Question 40 will facilitate our ability to identify this type of situation, better understand a qualifying hedge fund's investment approach and whether it is taking on concentrated positions (potentially with leverage), and assess whether or not a qualifying hedge fund's activities may have systemic risk or investor protection implications.

One commenter stated that more granular disclosure of holdings, including both long and short positions, will provide a more complete picture of the risk exposure across private funds and can help the SEC enforce fraud and manipulation of security-based swaps.<sup>337</sup> Some commenters opposed the requirements for more detailed disclosure of holdings on the basis that more granular disclosure would be costly to report and is not needed for systemic risk assessment.<sup>338</sup> For reasons discussed above, more granular information about a fund's exposure to a reference asset will allow us and FSOC additional context to facilitate understanding of a fund's investment portfolio and assessment of any implications for systemic risk and investor protection purposes, which justifies any incremental cost to advisers. One commenter recommended not requiring reporting on exposures on a gross basis because of the potential for gross figures to overstate a fund's exposure.<sup>339</sup> Advisers are required to report exposures on a gross *and* net basis because reporting on either a gross or net basis only would limit our understanding of the total risk exposure, for example any basis risk of the exposure.

In response to a request for comment in the proposing release regarding the use of FIGI as a substitute for CUSIP, one commenter recommended the inclusion of FIGI as an alternative financial identifier in lieu of CUSIP in Question 40, which requires advisers to report CUSIP information for each reference asset, if available.<sup>340</sup> Two commenters opposed permitting the use of FIGI in lieu of CUSIP stating that CUSIP is a single fungible identifier, whereas FIGI is not a single fungible identifier and produces multiple identifiers depending on the venue of execution.<sup>341</sup> We agree that, for reporting on Form PF, a fungible identifier is preferable because

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<sup>337</sup> AFREF Comment Letter I.

<sup>338</sup> *See, e.g.*, MFA Comment Letter II; SIFMA Comment Letter; AIMA/ACC Comment Letter. *See infra* section IV.C of this Release for discussion of costs and benefits of the amendments.

<sup>339</sup> MFA Comment Letter II.

<sup>340</sup> Bloomberg Comment Letter. Form PF Question 65 also requires large liquidity fund advisers to report the CUSIP number for each security held by the reporting fund and for each security subject to a repo.

<sup>341</sup> *See, e.g.*, American Bankers Association Comment Letter (Oct. 11, 2022); Comment Letter of CUSIP Global Services (Oct. 11, 2022).

it will allow for more consistent reporting of assets than a nonfungible identifier regardless of the venue of execution, resulting in more effective monitoring and assessment of systemic risk. We are not adopting a change to permit the substitution of FIGI for CUSIP. Question 40 continues to require advisers to report for each reference asset the CUSIP, if any, and at least one of the following identifiers: ISIN, ticker, if ISIN is not available, or other unique identifier, if ISIN and ticker are not available.<sup>342</sup> Advisers may, on an optional basis,<sup>343</sup> report for each reference asset the FIGI.<sup>343</sup> For reference assets with no CUSIP or other identifier, advisers are required to describe the reference asset.<sup>344</sup>

### **b. Borrowing and Counterparty Exposure**

*Counterparty exposure.* As noted above, we are revising and enhancing how advisers report information about their relationships with creditors and other counterparties (including CCPs) and the associated collateral arrangements for their hedge funds, largely as proposed.<sup>345</sup> For qualifying hedge funds, we are adopting, as proposed, a new consolidated counterparty exposure table, similar to the new consolidated counterparty exposure table adopted for hedge funds in section 1c of the form,<sup>346</sup> which will capture all cash, securities, and synthetic long and short positions by a reporting fund, a fund's credit exposure to counterparties, and amounts of collateral posted and received. This table replaces the information currently required by current Questions 43, 44, 45, and 47, each of which has been deleted.<sup>347</sup> Questions 42 and 43 will continue to collect information about a reporting fund's key individual counterparties, but in more detail. These revisions are designed to improve data quality and comparability, close data

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<sup>342</sup> Question 40.

<sup>343</sup> *Id.*

<sup>344</sup> *Id.* We encourage advisers to obtain financial identifiers for all of their assets for the benefit of their investors when reporting their investments to regulatory authorities and others.

<sup>345</sup> See discussion at section II.B.3 of this Release.

<sup>346</sup> *Id.*

<sup>347</sup> In connection with the removal of current Question 44, we have made a corresponding amendment to current Question 13 (redesignated as Question 19), to remove an instruction that is no longer relevant.

gaps, and provide better insight into qualifying hedge funds' borrowing and financing relationships, their credit exposure to counterparties and collateral practices. They also will enhance the Commissions' and FSOC's ability to assess the activities of qualifying hedge funds and their counterparties for investor protection purposes and in monitoring systemic risk.

The new consolidated counterparty exposure table is designed to capture information on all non-portfolio credit exposure that a qualifying hedge fund has to its counterparties (including CCPs) and the exposure that creditors and other counterparties have to the fund, taking into account netting. The new table requires advisers to report in U.S. dollars, as of the end of each month of the reporting period, a qualifying hedge fund's borrowings and other transactions with creditors and other counterparties by type of borrowing or transaction (*e.g.*, unsecured, secured borrowing and lending under a prime brokerage agreement, secured borrowing and lending via repo or reverse repo, other secured borrowing and lending, derivatives cleared by a CCP, and uncleared derivatives) and the collateral posted or received by a reporting fund in connection with each type of borrowing or other transaction.<sup>348</sup> The table also requires advisers to qualifying hedge funds to (1) classify each type of borrowing by creditor type (*i.e.*, U.S. depository institution, U.S. creditors that are not depository institutions, and non-U.S. creditors); (2) classify posted collateral by type (*e.g.*, cash and cash equivalents, government securities, securities other than cash and cash equivalents and government securities and other types of collateral or credit support (including the face amount of letters of credit and similar third party

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<sup>348</sup> The instructions direct advisers to classify borrowings and other transactions and associated collateral based on the governing legal agreement (*e.g.*, a prime brokerage or other brokerage agreement for cash margin and securities lending and borrowing, a global master repurchase agreement for repo/reverse repo, and ISDA master agreement for synthetic long positions, synthetic short positions and other derivatives), and instruct advisers how to report when there is cross-margining under a fund's prime brokerage agreement. We are also adding new definitions of "synthetic long position" and "synthetic short position" to the Glossary of Terms. *See* Form PF Glossary of Terms (definitions of "synthetic long position" and "synthetic short position"). Additionally, the instructions permit advisers to net a reporting fund's exposure with each counterparty and across affiliated entities of a counterparty to the extent such exposures may be contractually or legally set-off or netted across those entities and/or one affiliate guarantees or may otherwise be obligated to satisfy the obligations of another under the agreements governing the transactions. The instructions also direct advisers to classify borrowing by creditor type (*e.g.*, percentage borrowed from U.S. depository institutions, U.S. creditors that are not U.S. depository institutions, non-U.S. creditors) based on the legal entity that is the contractual counterparty for such borrowing and not based on parent company or other affiliated group.

credit support) received and posted by a reporting fund, and secured borrowing and lending (prime brokerage or other brokerage agreement)), and (3) report, at the end of each month of the reporting period, the expected increase in collateral required to be posted by the reporting fund if the margin increases by one percent of position size for each type of borrowing or other transaction, as proposed. Measuring the impact of a one percent margin change will allow for a meaningful assessment of qualifying hedge funds' vulnerability to changes in financing costs and identification of funds that are most sensitive to potential margin changes. We also believe that measuring this impact will provide a standardized way to obtain data on funds' vulnerability to margin increases that is easy to scale up for analysis purposes and allows for uniform comparisons across hedge funds to see which funds have lockup agreements and which funds do not. Furthermore, the table consolidates current Questions and provides more specific instructions in an effort to eliminate information gaps and improve the reliability of data collected. This new approach will collect better information about a qualifying hedge fund's borrowing and financing, cleared and uncleared derivatives positions, and collateral practices as well as a fund's credit exposure to counterparties resulting from excess margin, haircuts, and positive mark-to-market derivatives transactions, which will enhance FSOC's systemic risk assessments.

Some commenters opposed the requirement to provide additional detail regarding counterparty exposure and stated that the information would be burdensome and costly to obtain.<sup>349</sup> We continue to believe that disaggregated counterparty exposure is important to systemic risk monitoring efforts for the reasons discussed above. This information will not be significantly burdensome to produce as we understand knowledge of counterparties to be a component of a fund's basic risk management practices.

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<sup>349</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter.

*Significant counterparty reporting.* We are adopting, as proposed except as specifically indicated below, amendments to require advisers, for each of their qualifying hedge funds, to identify all creditors and counterparties (including CCPs) where the amount a fund has borrowed (including any synthetic long positions) before posted collateral equals or is greater than either (1) five percent of the fund's net asset value or (2) \$1 billion.<sup>350</sup> This threshold is appropriate because it highlights two different but potentially significant risks. First, five percent of a fund's net asset value represents an amount of borrowing that, if repayment was required, could be a significant loss of financing that could result in a forced unwind and forced sales from the reporting fund's portfolio. Second, \$1 billion represents an amount that, in the case of a very large fund, may not represent five percent of the fund's net asset value, but may be large enough to create stress for certain of its counterparties.

This change is designed to specify how securities held should be treated, avoiding a common source of error in how advisers have completed the current form, and allowing both counterparty risks related to collateralized transactions to be viewed in one place, *i.e.*, the risk that collateral will not be returned, and the risk that the borrower of cash will fail to repay the amount borrowed, risks that we have found cannot be fully observed based on information collected on the current form. For the top five creditors and other counterparties from which a fund has borrowed the most (including any synthetic long positions) before posted collateral, advisers will be required to identify the counterparty (by name, LEI, and financial institutional affiliation) and to provide information detailing a fund's transactions and the associated

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<sup>350</sup> See Question 42. Advisers will use calculations performed to complete the new table in Question 41 for purposes of identifying the counterparties to be reported in Question 42 and Question 43, and the calculation method is designed to be similar to the calculations used to identify counterparties in Question 27 and Question 28 in order to facilitate aggregation and analysis of data across hedge funds and qualifying hedge funds. Furthermore, if more than five counterparties meet the threshold, advisers will be required to complete an individual counterparty exposure table for the top five creditors or other counterparties to which a reporting fund owed the greatest amount in respect of cash borrowing entries (before posted collateral), and also identify all other creditors and counterparties (including CCPs) to which the reporting fund owed an amount in respect of cash borrowing entries (before posted collateral) equal to or greater than either (1) 5% of the reporting fund's net asset value as of the data reporting date or (2) \$1 billion. See also Form PF Glossary of Terms (definitions of "cash borrowing entries" and "collateral posted entries").

collateral. We are adopting a “top five” reporting threshold as this level is consistent with the current threshold for reporting on collateral practices on Form PF, and it represents a level that indicates significant counterparty exposure.<sup>351</sup>

Advisers will be required to present this information using an individual counterparty exposure<sup>352</sup> table that follows the same format as the new consolidated counterparty exposure table described above for Question 41, including borrowings and other transactions by type and collateral posted and received by type. For all other creditors and counterparties from which the amount a fund has borrowed (including any synthetic long positions) before posted collateral that equals or is greater than either (1) five percent of the fund’s net asset value or (2) \$1 billion, advisers will be required to identify each counterparty (by legal name, LEI, and financial institution affiliation) and report the amount of such borrowings and the collateral posted by the fund in U.S. dollars.<sup>353</sup>

As discussed more fully above in section II.A.2, we are adopting amendments that require advisers to report all trading vehicles on a consolidated basis. After considering one commenter’s recommendation, we are tailoring certain questions about trading vehicles to help differentiate potential risks of the reporting fund from those of its trading vehicles.<sup>354</sup> In a modification from the proposal, we are adding an instruction to require advisers to list counterparty exposures of trading vehicles owned by the reporting fund based on the reporting fund’s percentage ownership of such trading vehicle without netting these exposures with those

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<sup>351</sup> See Question 42.

<sup>352</sup> In connection with the amendment, we are adding a new definition for “individual counterparty exposure table” to the Form PF Glossary of Terms.

<sup>353</sup> In a change from the proposal, we have modified the reference from name to legal name to specify that the adviser should report the relevant counterparty’s legal name. This modification will improve data comparability by enhancing our ability to track any individual counterparty reporting across filings. Further, in a change from the proposal, we have modified the question to specify that the adviser should report the legal name of the counterparty, the counterparty LEI, if any, the borrowing by the reporting fund, the collateral posted by the reporting fund, and the legal name of the entity that has the exposure and its LEI, if any. This modified question aligns the question’s wording with the information that is required to be reported in the individual counterparty exposure tables that follow in the form.

<sup>354</sup> See Schulte Comment Letter.

of the reporting fund if they are not guaranteed by the reporting fund or contractual obligations of the reporting fund.<sup>355</sup> The amended instructions provide that the adviser must also report the legal name and LEI, if any, of the entity that has the counterparty exposure.<sup>356</sup> This amended instruction will allow us to better understand the scope of the reporting fund's exposure and differentiate its exposures from those held by a separate entity, such as a trading vehicle.<sup>357</sup>

As proposed, advisers will be required, for each of their qualifying hedge funds, to identify all counterparties (including CCPs) to which a fund has net mark-to-market counterparty credit exposure after collateral that equals or is greater than either (1) five percent of the fund's net asset value or (2) \$1 billion.<sup>358</sup> This threshold is appropriate because both portions of the threshold highlight potential systemic risk: five percent of net asset value is a level that represents significant exposure (based on the impact on performance) in the event of counterparty default, and \$1 billion, while it may not equal five percent of a large hedge fund's assets, may indicate a larger systemic stress involving a fund's counterparties. For the top five of these counterparties, advisers will be required to identify the counterparty (by name, LEI and financial institution affiliation) and provide information detailing a fund's relationship with these counterparties including associated collateral using the same table required for individual counterparty reporting.<sup>359</sup> In a modification from the proposal, advisers will also be required to report the borrowing by the reporting fund and the collateral posted by the reporting fund. These

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<sup>355</sup> See Question 42. See also Questions 43 and 44 (requiring providing the legal name and LEI, if any, of the relevant entity with the exposure).

<sup>356</sup> See Question 42. If the reporting fund guarantees or is contractually obligated to fulfill obligations of a trading vehicle or affiliated private fund, such exposures are required to be reported net with the exposures of the reporting fund. If an adviser to an affiliated private fund separately files Form PF, such adviser must exclude such exposures if they have been included in the reporting fund's filing. See Question 41.

<sup>357</sup> As discussed in section II.A.2 above, in a modification from the proposal, advisers report trading vehicles on a consolidated basis but in response to certain questions will be required to identify the positions and counterparty exposures that are held through a trading vehicle, which will help differentiate the reporting fund's exposures and risks from those of its trading vehicles.

<sup>358</sup> See Question 43.

<sup>359</sup> Under the amendments, however, if an adviser completes the table in Question 42 for a particular counterparty, the adviser is not required to complete the table twice.

modifications are intended to align the question text with the information that is required to be reported in the counterparty exposure table. Further, in a modification from the proposal, an adviser will also be required to report the legal name of the entity that has the counterparty exposure and its LEI, if any. This modification will allow us to better understand the scope of the reporting fund's exposure and differentiate its exposures from those held by a separate entity, such as a trading vehicle. As proposed, advisers to qualifying hedge funds will also be required to identify all other counterparties (by name, LEI, and financial institution affiliation) to which a fund has net mark-to-market exposure after collateral that equals or is greater than either (1) five percent of a fund's net asset value or (2) \$1 billion and will require these advisers to report the amount of the exposure before and after collateral posted by either the counterparty or the reporting fund as applicable, as proposed. Further, in a modification from the proposal, advisers will also be required to report the name and LEI, if any, of the entity that has the counterparty exposure. The purpose of this new requirement is to enhance our ability to understand the impact of a particular counterparty failure, such as the counterparty failures that occurred during the 2008 financial crisis and in the period since (*e.g.*, the failure of MF Global in 2011),<sup>360</sup> which is important for systemic risk assessments and from an investor protection perspective. In assessing the risk to a fund of a counterparty default, the new data will demonstrate whether a fund has net borrowing exposure or net lending exposure to a counterparty. If the fund is a net borrower with respect to a counterparty, we will measure cash borrowed by the fund against collateral posted by fund. Alternatively, when the fund is a net lender with respect to a counterparty, we will measure cash loaned to the counterparty against collateral posted by the

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<sup>360</sup> See, *e.g.*, Gapper, John and Kaminska, Izabella, Downfall of MF Global – US broker-dealer bankruptcy highlights global reach of eurozone crisis, *Financial Times* (Nov. 2011), available at <https://www.ft.com/content/2882d766-06fb-11e1-90de-00144feabdc0>.

counterparty to assess whether the counterparty has posted insufficient collateral (relative to the amount borrowed).<sup>361</sup>

These amendments are designed to streamline the form by consolidating information currently collected in Question 47 into Question 42, and to improve the quality and comparability of reported information and our ability to integrate the data obtained for analysis with other regulatory data sets by specifying how advisers determine borrowing and counterparty credit exposure.<sup>362</sup> The changes, in conjunction with the new consolidated counterparty exposure table, will also provide a better overall view of hedge funds' borrowing and other financing arrangements and counterparty credit exposure and associated collateral, which will provide critical insight into (1) creditor and counterparty exposure to qualifying hedge funds through synthetic long positions through derivatives, (2) potential gaps in margin received by and posted by qualifying hedge funds and the size of any such gaps, (3) qualifying hedge funds' exposure to a large counterparty failure, and (4) the expected impact on a fund's financing arrangements of a change in margin requirements.

Finally, advisers will no longer be required to report the percentage of the total amount of collateral and other credit support that a fund has posted to counterparties that may be re-hypothecated as currently required in Question 38.<sup>363</sup> We are adopting this change because this reporting is burdensome for advisers, and we have found that the data obtained is generally not reliable because advisers cannot easily collect and report the required information as re-

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<sup>361</sup> See Form PF Glossary of Terms (definitions of "cash borrowing entries," "collateral posted entries," "cash lending entries," and "collateral received entries") for a detailed description of these calculations.

<sup>362</sup> Advisers will be required to report the creditor legal name and LEI, which will aid in the identification of counterparties and facilitate analysis of the interconnectedness of market participants (*e.g.*, Form N-PORT and Form N-CEN already collect LEI for registered investment company counterparties and including LEIs here will facilitate analysis across data sets).

<sup>363</sup> We are redesignating current Question 38 as Question 45.

hypothecation commonly occurs from omnibus accounts into which advisers generally do not have visibility.<sup>364</sup>

Some commenters opposed the requirement to provide additional detail regarding counterparty exposure and state that the information would be burdensome and costly to obtain.<sup>365</sup> One commenter recommended limiting the additional counterparty reporting to only a fund's top three counterparties, rather than top five as proposed.<sup>366</sup> For reasons discussed above, disaggregated counterparty exposure is important to systemic risk monitoring efforts. This information will not be significantly burdensome to produce as we understand knowledge of counterparties to be a component of a fund's basic risk management practices. The additional systemic risk benefits described above of receiving data on a fund's five largest counterparties justify the modest additional incremental burden over reporting on the largest three counterparties, as recommended by one commenter.<sup>367</sup>

### **c. Market Factor Effects**

We are adopting, as proposed except as specifically indicated below, amendments to require advisers to qualifying hedge funds to respond on Form PF to all market factors to which their portfolio is directly exposed, rather than allowing advisers to omit a response to any market factor that they do not regularly consider in formal testing in connection with the reporting fund's risk management, as Form PF currently provides.<sup>368</sup> These changes are designed to enhance investor protection efforts and systemic risk assessment by allowing the Commissions

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<sup>364</sup> See MFA Letter to Chairman Clayton, Sept. 17, 2018, *available at* <https://www.managedfunds.org/wp-content/uploads/2020/04/MFA.Form-PF-Recommendations.attachment.final.9.17.18.pdf> (noting the rehypothecated securities are taken out of an omnibus account, which makes reporting for advisers with any certainty difficult).

<sup>365</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter.

<sup>366</sup> MFA Comment Letter II.

<sup>367</sup> See also *infra* section IV.C for further discussion of costs and benefits of the amendments.

<sup>368</sup> See Question 47. For market factors that have no direct effect on a reporting fund's portfolio, we instruct filers to enter zero.

and FSOC to track better common market factor sensitivities, as well as correlations and trends in those market factor sensitivities.

We are also changing the stress thresholds to (1) require advisers to report one threshold for each market factor, rather than two as is currently required and (2) include different thresholds for certain market factors to capture stress scenarios that are plausible but still infrequent market moves.<sup>369</sup> Information resulting from stress testing at thresholds in the current form (one low and one high) was not useful because the thresholds are either too frequent (for the lower threshold) or too extreme and may not result in accurate estimates (for the higher threshold). Based on our experience with this information, we do not believe that collecting data at multiple thresholds for each market factor is significantly more meaningful than collecting market factor sensitivity at a single plausible but still infrequent threshold.<sup>370</sup>

The amendments also add a market factor test concerning non-parallel risk-free interest rate movements. It will test hedge fund exposure to changes in the slope of the yield curve, which is currently untested and can be a source of systemic risk when there are sudden interest rate changes. For example, this market factor will provide meaningful information on hedge funds that take complex positions, such as market neutral strategies (*e.g.*, basis trading in particular) and other strategies that employ trades that take advantage of spreads in yield curves coupled with high use of leverage. In a modification from the proposal, we are removing the risk-free interest rates market factor reporting and instead adding an instruction to specify that, with respect to the market factor concerning non-parallel risk-free interest rate movements, the sum of all reported non-parallel risk-free interest rate sensitivities for a given rate movement should total the portfolio's sensitivity to a parallel risk-free interest rate movement of that magnitude to reduce burdens. This modification will reduce the burden on advisers by

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<sup>369</sup> For example, advisers currently are required to report the effect of an increase or decrease in equity prices by 5% and by 20%, while under the amendments advisers will only report the effect of a 10% increase or decrease, which is a more plausible but still infrequent scenario.

<sup>370</sup> See current Question 42.

eliminating a required reporting item and will not diminish data quality because with the added instruction, we can derive the total parallel risk-free rate sensitivity from the non-parallel risk-free interest rate movement market factor.

We are also revising the instructions so advisers will be required to report the long component and short component consistently with market convention, rather than opposite from market convention, as Form PF currently requires, in order to reduce inadvertent mistakes in completing the form.<sup>371</sup>

We are making two modifications to the proposal. First, we are adding an instruction that when reporting exposures to changes in market factors for indirect positions, an adviser may use reasonable estimates that best represent the exposure to the market factor, consistent with the adviser's internal methodologies and conventions of service providers. This is responsive to commenters that suggested the proposal was unclear in certain questions as to whether an adviser is required to "look through" the fund's investments.<sup>372</sup> Second, as discussed further above, we are removing the risk-free interest rates market factor and instead adding an instruction to specify that, with respect to the market factor concerning non-parallel risk-free interest rate movements, the sum of all reported non-parallel risk-free interest rate sensitivities for a given rate movement should total the portfolio's sensitivity to a parallel risk-free interest rate movement of that magnitude. Some commenters opposed the amendments requiring advisers to report on all listed market factors, including any market factors that the adviser does not regularly consider in its

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<sup>371</sup> We are amending the instructions to provide that "risk-free interest rates" include interest rate swap rates in which a fixed rate is exchanged for a risk-free floating rate such as the secured overnight financing rate ("SOFR") or the sterling overnight index average ("SONIA"). Additionally, we are amending the instructions to specify that (1) for market factors involving interest rates and credit spreads, advisers should separate the effect on its portfolio into long and short components where (i) the long component represents the aggregate result of all positions whose valuation changes in the opposite direction from the market factor under a given stress scenario, and (ii) the short component represents the aggregate result of all positions whose valuation changes in the same direction as the market factor under a given stress scenario, and (2) for market factors other than interest rates and credit spreads, advisers should separate the effect on its portfolio into long and short components where (i) the long component represents the aggregate result of all positions whose valuation changes in the same direction as the market factor under a given stress scenario and (ii) the short component represents the aggregate result of all positions whose valuation changes in the opposite direction from the market factor under a given stress scenario. *See* Question 47.

<sup>372</sup> MFA Comment Letter III.

stress testing.<sup>373</sup> Currently, the wording of the instructions allows an adviser to omit a response in the event the adviser tested a similar, but not identical, market factor. Accurate and complete reporting of all market factors will provide important systemic risk information. We do not believe this amended requirement will significantly burden advisers because an adviser will only be required to stress test risk factors to which their portfolios are directly exposed and are instructed to report zero for any inapplicable market factors. Further, the modified instruction we are adopting, which permits an adviser to use reasonable estimates that best represent the market factor exposure for indirectly held positions, will alleviate some of the burden of reporting this additional information.

**d. Additional Amendments to Section 2**

*Currency exposure reporting.* We are adopting, as proposed except as specifically indicated below, amendments to require qualifying hedge funds to report for each month of the reporting period, in U.S. dollars, (1) the net long value and short value of a fund's currency exposure arising from foreign exchange derivatives and all other assets and liabilities denominated in currencies other than a fund's base currency, and (2) each currency to which the fund has long dollar value or short dollar value exposure equal to or exceeding either (a) five percent of a fund's net asset value or (b) \$1 billion.<sup>374</sup> In responding, advisers will be required to include currency exposure obtained indirectly through positions held in other entities (*e.g.*, investment companies, other private funds, commodity pools or other companies, funds, or entities) and may report reasonable estimates if consistent with internal methodologies and conventions of service providers.<sup>375</sup> In a change from the proposal, we are adding an instruction

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<sup>373</sup> See, *e.g.*, AIMA/ACC Comment Letter; MFA Comment Letter II; Schulte Comment Letter; USCC Comment Letter.

<sup>374</sup> See Question 33.

<sup>375</sup> This instruction is designed to simplify and reduce the burdens of reporting sub-asset class exposures. Furthermore, advisers are permitted to provide good faith estimates and take currency hedges into account, if consistent with their internal methodologies and information reported internally and to investors.

to specify that an adviser may report the data that “best represents” the currency exposure from any indirect investments to lessen the reporting burden, as long as such estimates are consistent with the adviser’s internal methodologies and conventions of service providers. This currency exposure requirement is designed to provide insight into whether notional currency exposures reported by qualifying hedge funds in Question 33 represent directional exposure or are hedges of equity and/or fixed income positions. This new question will allow us to understand whether a qualifying hedge fund’s portfolio is exposed to a given currency, and it will also provide a view into the fund’s currency exposure resulting from holdings in foreign securities (*e.g.*, Eurobonds). While current Question 30 already requires advisers to separate currency exposure relating to hedging from other currency, we have found that this data has not been very useful for determining whether a currency position is speculative or a hedge. Additionally, it is important to consider a qualifying hedge fund’s currency exposure to identify vulnerabilities to currency fluctuations and market events that affect different countries and regions. Finally, the threshold of either (1) five percent of a fund’s net asset value or (2) \$1 billion for reporting individual currency exposure is appropriate because it represents, in each prong of the threshold, a material level of portfolio exposure to currency risk at which a deterioration in the value of a particular currency could have a significant negative impact on a fund’s investors. We also believe that if multiple large funds have significant exposure to a currency that is rapidly devaluing, this circumstance could raise financial stability concerns, and this reporting will better enable review of this type of situation. More broadly, we also will be able to use the information obtained to identify concentrations in particular currencies and assess the potential impact of market events that affect particular currencies.

One commenter discussed the systemic risk concerns present in currency exposures, particularly as demonstrated by recent geopolitical events and resulting currency fluctuations.<sup>376</sup>

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<sup>376</sup> Fact Coalition Comment Letter.

Other commenters opposed the proposed requirement to report currency exposure stating the information would be of limited value and burdensome to report.<sup>377</sup> Some commenters stated that reporting indirect currency exposure accurately may be difficult because of potential variations in timing or foreign exchange rate sources, which could lead to inaccurate data and false indicators of risk.<sup>378</sup> The modified instruction that we are adopting, which provides that an adviser may report the data that “best represents” the currency exposure from any indirect investments, clarifies the reporting requirement and will alleviate some of the reporting burden. More detailed reporting of currency exposure is important for systemic risk purposes. This belief is reinforced by recent experiences of currency fluctuation in the aftermath of geopolitical events that we have observed.

*Turnover.* We are adopting, as proposed, amendments, to require reporting on a per fund basis on the value of turnover in certain asset classes rather than on an aggregate basis as currently required.<sup>379</sup> Requiring this reporting on a per fund basis will provide more detailed information to us and FSOC while at the same time simplifying reporting for advisers. We understand that advisers do not currently aggregate turnover related information among funds. Aggregating solely for Form PF reporting is particularly burdensome as the required data is typically on separate reporting systems and advisers must “roll-up” data from these sources to report on the form.

We are also adding, as proposed, new categories for turnover reporting that disaggregate combined categories and better capture turnover of potentially relevant securities, such as various types of derivatives (*e.g.*, listed equity, interest rate, foreign exchange), which will help

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<sup>377</sup> See, *e.g.*, AIMA/ACC Comment Letter; MFA Comment Letter II; USCC Comment Letter.

<sup>378</sup> AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>379</sup> Question 34. In connection with amendments, reporting on the value of turnover in certain asset classes and the geographical breakdown of investments is moved from section 2a to section 2.

support analysis of hedge fund market activity.<sup>380</sup> Furthermore, we are adding a new consolidated foreign exchange and currency swaps category and making other changes, as proposed.<sup>381</sup> During the March 2020 COVID-19-related market turmoil, FSOC sought to evaluate the role hedge funds played in disruptions in the U.S. treasury market by unwinding cash-futures basis trade positions and taking advantage of the near-arbitrage between cash and futures prices of U.S. Treasury securities.<sup>382</sup> Because the current requirement regarding turnover reporting on U.S. Treasury securities is highly aggregated, the SEC staff, during retrospective analyses on the March 2020 market events, was unable to obtain a complete picture of activity relating to long treasuries and treasury futures. Given the significant size of hedge funds' exposures to certain derivative products, it is important to gain more insight into trading activities with respect to these financial instruments to better enable the Commissions and FSOC to assess and monitor the activity of qualifying hedge funds for systemic risk implications.<sup>383</sup> Expanded reporting on turnover also will provide better information for assessing trading frequency in lieu of requiring advisers to report what percentage of their hedge funds' net asset value is managed using high-frequency trading strategies.<sup>384</sup>

Some commenters opposed the proposed requirement for disaggregated and more detailed reporting of turnover stating that such information is of limited value and burdensome to

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<sup>380</sup> We are also breaking out some categories by futures, swaps, and options as different types of derivatives have different risk profiles and implications for systemic risk, and to add a category for "other derivative instrument types" so that all derivatives are reported.

<sup>381</sup> We are revising the asset class categories to require advisers to report turnover in derivatives separately from turnover in physical holdings in Question 34 and are making other conforming changes to reflect changes to defined terms in the Form PF Glossary of Terms.

<sup>382</sup> See U.S. Credit Markets Interconnectedness and the Effects of the COVID-19 Economic Shock, U.S. Securities Exchange Commission, Oct. 2020, *available at* [https://www.sec.gov/files/US-Credit-Markets\\_COVID-19\\_Report.pdf](https://www.sec.gov/files/US-Credit-Markets_COVID-19_Report.pdf). See also Financial Stability Oversight Council 2021 Annual Report, *available at* <https://home.treasury.gov/system/files/261/FSOC2021AnnualReport.pdf>.

<sup>383</sup> As of the end of first quarter of 2023, interest rate derivatives currently make up approximately 30% of gross notional exposure (GNE) reported on Form PF, while foreign exchange derivatives make up approximately 13% of GNE. Additionally, commodity, credit, and other derivatives when combined make up 5% of GNE or over \$1.3 trillion. See Private Fund Statistics Q1 2023, *supra* footnote 5.

<sup>384</sup> We are removing current Question 21 as it is redundant in light of the adopted expanded turnover reporting.

report.<sup>385</sup> As discussed above, we continue to believe that turnover information is related to systemic risk and observing turnover data in particular categories can help identify affected funds and identify possible contagion risk. Moreover, the adopted requirement of disaggregated reporting is less burdensome than the existing reporting of turnover, which requires advisers to aggregate data that we understand they collect on a fund-level basis.

*Country and industry exposure.* We are adopting, as proposed except as specifically indicated below, amendments to require advisers to report all countries (by ISO country code<sup>386</sup>) to which a reporting fund has exposure equal to or exceeding either (1) five percent of its net asset value or (2) \$1 billion, and to report the dollar value of long exposure and the dollar value of short exposure in U.S. dollars, for each monthly period to improve data comparability across funds.<sup>387</sup> In a change from the proposal, we are adding an instruction to specify that advisers may report the data that best represents the country and industry exposure from any indirect investments and is consistent with the advisers' internal methodologies and conventions of services providers to lessen the reporting burden. Under the current approach, only certain regions were identified, and these regions were not uniformly defined, which resulted in data that was not consistent.<sup>388</sup> In addition, at times we have needed to identify countries of interest not on this list. As such, we are adopting amendments to replace the country of interest and regional reporting with this new country level information. Finally, the threshold of either (1) five percent of net asset value or (2) \$1 billion is appropriate because it represents a material level of portfolio exposure to risk relating to individual countries and geographic regions and is a level

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<sup>385</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II; USCC Comment Letter.

<sup>386</sup> This is similar to reporting on Form N-PORT and will improve the comparability of data between Form PF and Form N-PORT.

<sup>387</sup> Question 35. In connection with the amendments, reporting on geographical breakdown of investments has moved from current section 2a to section 2.

<sup>388</sup> Currently, consistent with staff Form PF Frequently Asked Questions 28.1 and 28.2, advisers are permitted to report geographical exposure based on internal methods and indicate in Question 4 if methods did not reflect risk and economic exposure. See Form PF Frequently Asked Questions, *supra* footnote 162.

that could significantly impact a fund and its investors if, for example, there are currency fluctuations or geopolitical instability. Furthermore, the data obtained will allow for identification of industry concentrations in particular countries and/or regions and help assess the potential impact of market events on these geographic segments. The five percent threshold level constitutes a reasonable shock to a fund's net asset value. For example, to the extent there is a market-wide event, a worst-case scenario would be for long positions to lose their full value, in this shock case at least five percent. Furthermore, and particularly for funds without a benchmark, five percent is often evaluated for industry, individual position, and country risk, and is a common and easy to measure threshold. With respect to the \$1 billion threshold, it constitutes sufficiently large nominal value exposure from a risk perspective.

We are also adding a new question that requires advisers to provide information about each industry to which a reporting fund has exposure equal to or exceeding either (1) five percent of its net asset value or (2) \$1 billion, as proposed.<sup>389</sup> Advisers are required to report, for each monthly period, the long dollar value and short dollar value of a reporting fund's exposure by industry based on the NAICS<sup>390</sup> code of the underlying exposure.<sup>391</sup> The purpose of this new question is to collect information that will provide insight into hedge funds' industry exposures in a standardized way to allow for comparability among funds and meaningful aggregation of data to assess overall industry-specific concentrations. Further, the threshold of either (1) five percent of net asset value or (2) \$1 billion is appropriate because it represents a material level of portfolio exposure to risk relating to individual industries, and is a level that could significantly impact a fund and its investors if, for example, there are market or geopolitical events that affect performance by a particular industry, such as the burst of the "tech bubble" in the early 2000s or

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<sup>389</sup> See Question 36.

<sup>390</sup> North American Industry Classification System.

<sup>391</sup> See United States Census Bureau, North American Industry Classification System, *available at* <https://www.census.gov/naics/>.

COVID-19's impact on airline, accommodation and food service industries. Furthermore, the data obtained will allow for identification of industry concentrations and help assess the potential impact of market events on industries. While we considered a lower threshold, we continue to believe that the adopted threshold strikes an appropriate balance between identifying significant industry exposure and the burdens of reporting this information on Form PF. This information will be useful to the Commissions and FSOC in monitoring systemic risk, particularly if multiple funds have significant concentrations in industries that are experiencing periods of stress or disruption.

When responding to these questions about country and industry exposure, advisers are required to include exposure obtained indirectly through positions held in other entities (*e.g.*, investment companies, other private funds, commodity pools or other company, funds, or entities). Without this requirement, a fund's exposure to geographic regions and industries could be obscured and hinder the Commissions' and FSOC's ability to assess risks and the potential impact of events and trends that affect a particular industry or geographic region, both of which could have implications for investors. While advisers typically maintain this information, the instructions to these questions seek to minimize filer burdens by permitting advisers to report reasonable estimates if such reporting is consistent with internal methodologies and information reported internally and to investors.

Some commenters opposed the proposed requirements for more granular reporting, including amendments to require more detailed reporting on country and industry exposure, stating that such information would be of limited value for systemic risk analysis and burdensome to report.<sup>392</sup> Another commenter, however, discussed how geopolitical instability and industry disruptions can contribute to systemic risk.<sup>393</sup> For reasons discussed above, country

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<sup>392</sup> See, *e.g.*, AIMA/ACC Comment Letter; MFA Comment Letter II; USCC Comment Letter.

<sup>393</sup> Fact Coalition Comment Letter.

and industry exposure reporting is important for systemic risk, and exposures in excess of five percent of a fund's net asset value could be significant enough to pose contagion risks. In a modification from the proposal, we are adding an instruction to provide that an adviser is permitted to report reasonable estimates of a fund's country and industry exposure, provided such reporting is consistent with internal methodologies and information reported internally and to investors, which is intended to lessen the burden on advisers, while allowing us to continue to receive this reporting on country and industry exposure.

One commenter stated that requiring advisers to report industry exposure by NAICS is burdensome because funds may not currently collect this data and it may be costly to obtain.<sup>394</sup> We disagree that NAICS information is significantly burdensome to obtain and report. NAICS codes are publicly available and is the standard used by certain Federal agencies for classifying entities by industry.<sup>395</sup>

*Central clearing counterparty (CCP) reporting.* We are adopting, as proposed except as specifically indicated below, amendments to require advisers to identify each CCP or other third party holding collateral posted by a qualifying hedge fund in respect of cleared exposures (including tri-party repo) equal to or exceeding either (1) five percent of a reporting fund's net asset value or (2) \$1 billion.<sup>396</sup> The new question excludes counterparties already reported in Question 42 and Question 43,<sup>397</sup> and requires advisers to provide information on: (1) the legal name of the CCP or third party; (2) LEI (if available); (3) whether the CCP or third party is affiliated with a major financial institution; (4) the reporting fund's posted margin (in U.S. dollars); and (5) the reporting fund's net exposure (in U.S. dollars), as proposed. In a modification from the proposal, we are also requiring advisers to provide information on the

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<sup>394</sup> MFA Comment Letter II.

<sup>395</sup> See, e.g., SBA Small Business Size Regulations, 13 CFR 121.101 (2023).

<sup>396</sup> See Question 44.

<sup>397</sup> See discussion at section II.C.2.b of this Release.

legal name of the collateral owner and the collateral owner LEI. This additional identifying information will allow us to understand the reporting fund's exposure by differentiating exposures of the reporting fund from exposures of other reporting entities. For example, as discussed more fully above in section II.A.2, advisers report on trading vehicles on a consolidated basis with the reporting fund, and without identifying information, we would be unable to differentiate a reporting fund's counterparty risk exposure from that of its trading vehicle.

We are adopting this new question based on our experience with Form PF since adoption as we have found data gaps with respect to identifying qualifying hedge fund exposures to CCPs and other third parties that hold collateral in connection with cleared exposures. Furthermore, we understand that (1) many large hedge fund advisers already track margin posted for cleared exposures because margin requirements at any given time may well exceed the clearinghouse's exposure to a fund and therefore are an important credit risk exposure metric for a fund, and (2) that CCP recovery, resiliency and resolution also are current concerns for some advisers.<sup>398</sup> Given these factors, the burden of this new question is justified by valuable insight the data obtained will provide into an area that could have significant implications from a systemic risk perspective. Additionally, we have chosen a reporting threshold of equal to or exceeding either (1) five percent of net asset value or (2) \$1 billion to be consistent with the thresholds for other counterparty exposure questions,<sup>399</sup> as a qualifying hedge fund is similarly exposed where a third party holds collateral irrespective of whether the third party is a CCP or other counterparty. We are also removing current Question 39, which required information about transactions cleared

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<sup>398</sup> See "A Path Forward For CCP Resilience, Recovery, And Resolution," Mar. 10, 2020, *available at* <https://www.blackrock.com/corporate/literature/whitepaper/path-forward-for-ccp-resilience-recovery-and-resolution.pdf>. See also J.P. Morgan Press Release, Mar. 10, 2020, *available at* <https://www.jpmorgan.com/solutions/cib/markets/a-path-forward-for-ccp-resilience-recovery-and-resolution>.

<sup>399</sup> See discussion at section II.C.2.b of this Release.

directly through a CCP, as the information collected is duplicative of information already collected in current Question 24 (redesignated Question 29).

One commenter recommended that exposures to CCPs should be reported on an aggregate basis, rather than on an individual CCP basis, because some advisers track these exposures on an aggregate basis and the Commissions have not explained why reporting on an aggregate basis is not sufficient and recommended clarifying whether the instruction in Question 43 to report information for counterparties that are CCPs or other third parties holding collateral in respect of “cleared exposures” is meant to refer to “centrally cleared exposures.”<sup>400</sup> The references to cleared exposures in the instructions to Question 43 are meant to include centrally cleared exposures, as well as other cleared exposures. Receiving data on which individual CCPs are used for centrally cleared positions is important for understanding systemic risk resulting from a concentrated use of the same CCPs among different funds. Further, a CCP default may result in delayed receipt of funds that can create spillover effects at funds, particularly highly leveraged funds, that raise systemic risk and investor protection concerns. While the clearing system is highly risk reducing and transparent, default of a fund, or of a clearing member, could nonetheless cause temporary dislocations that can become significant at critical times. Transparency at this level is important in Form PF and is aligned with funds’ own need to be aware of exposures to individual clearing members. For these reasons, it is appropriate to require this reporting as proposed. This commenter also argued that the requirement to report collateral posted by a fund to meet exchange requirements and separately report additional collateral collected by the prime broker would be difficult for advisers that do not actively monitor exchange margin requirements distinctively from prime broker margin requirements.<sup>401</sup> We disagree that this information would be difficult for advisers to report because the instructions to

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<sup>400</sup> MFA Comment Letter II.

<sup>401</sup> *Id.*

Question 42 specify a simplified method of how to report such blended margin arrangements, including where collateral is not disaggregated.<sup>402</sup> The commenter recommended that the Commissions instead require prime brokers to provide this information in standard form and permit advisers to rely on information provided by their prime broker.<sup>403</sup> It is important for advisers to report this information aggregated for the reporting fund because individualized reporting from each prime broker may obscure the fund's counterparty risk. For example, a fund that has arrangements with multiple prime brokers may have a particular counterparty exposure across multiple prime brokerage arrangements, which may be obscured by separate reporting for each prime broker. Further, it is important for a reporting fund to understand its own counterparty risk, and we understand advisers monitor levels of counterparty concentration for risk management purposes. Therefore, we believe it is appropriate for advisers to report this information on Form PF with other exposure reporting. Individual reporting on CCPs is important because aggregated reporting would not provide sufficiently detailed information to allow us to identify potential risks. For example, in the event of a particular counterparty failure, we would be unable to accurately localize a fund's risk exposure to that counterparty.

*Risk metrics.* We are adopting, as proposed, amendments to eliminate the requirement that an adviser indicate whether there are risk metrics other than, or in addition to, Value at Risk (“VaR”) that the adviser considers important to managing a reporting fund's risks.<sup>404</sup> Advisers generally have not reported detailed information in response to this requirement. Currently, about 55 percent of advisers to qualifying hedge funds (representing about 75 percent of the aggregate gross asset value of qualifying hedge funds) report using VaR or market factor

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<sup>402</sup> Specifically, Question 42(a)(iii) instructs as follows: “check this box if one or more prime brokerage agreements provide for cross-margining of derivatives and secured financing transactions. If you have checked this box, and collateral does not clearly pertain to secured financing vs. derivatives transactions, report exposures and collateral as follows: . . . enter any additional collateral gathered by the prime broker under a cross margining agreement on lines (iii)(B),(C), (D), and (E).

<sup>403</sup> MFA Comment Letter II.

<sup>404</sup> See current Question 41.

changes in managing their hedge funds.<sup>405</sup> Instead, advisers will be required to provide additional information about a reporting fund’s portfolio risk profile, investment performance by strategy, and volatility of returns and drawdowns.<sup>406</sup> This amendment will expand the amount of data collected by collecting risk data in circumstances where advisers do not use VaR or market factor changes, and thus will provide insight across all (rather than only some) qualifying hedge funds. This new information will provide uniform and consistently reported risk information that will enhance our ability to monitor and assess investment risks of qualifying hedge funds to gauge systemic risk. In particular, volatility of returns and drawdown data is a simple measure of risk that enables us to monitor risk-adjusted returns, changes in volatility and thereby risk profiles. We did not receive specific comment on this amendment.

*Investment performance by strategy.* We are adopting, in a modification from the proposal, amendments to require to qualifying hedge funds that indicate more than one investment strategy for a fund in Question 25 to report monthly gross investment performance by strategy if the adviser reports this data for such fund, whether to current and prospective investors, counterparties, or otherwise, rather than if the adviser “calculates and reports” such information to third parties, as proposed.<sup>407</sup> Advisers will not be required to respond to this question if the adviser reports performance for the fund as an internal rate of return, as proposed. This question is designed to integrate Form PF hedge fund data with the FRB’s reporting on Financial Accounts of the United States, which the FRB uses to track the sources and uses of

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<sup>405</sup> See Private Funds Statistics Q1 2023 (Table 58/59). Current Question 40 (redesignated Question 46) requires advisers to report certain risk data if the adviser regularly calculates VaR of the reporting fund. Current Question 42 (redesignated Question 47) requires advisers, for specific market factors, to determine the effect of specified changes on a reporting fund’s portfolio but permits advisers to omit a response to any market factor that they do not regularly consider in formal testing in connection with a reporting fund’s risk management.

<sup>406</sup> See Question 49 (investment performance breakdown by strategy), and Question 23(c) (volatility of returns and drawdown reporting). See discussion at section II.B.2 of this Release. We are also revising the title of Item C. of section 2 to “Reporting fund risk metrics and performance” to reflect the addition of new questions on performance to this section of the form.

<sup>407</sup> Question 49. The strategies in Question 49 are based on the strategies included in the drop-down menu in Question 25 (we are also including a drop-down menu for the strategy categories in Question 25, to better reflect our understanding of hedge fund strategies and to improve data quality and comparability). See discussion at section II.B.3 of this Release.

funds by sector, and which are a component of a system of macroeconomic accounts including the National Income and Product accounts and balance of payments accounts, all of which serve as a comprehensive set of information on the economy's performance. We also believe that this information will be helpful to the Commissions' and FSOC's monitoring and analysis of strategy-specific systemic risk in the hedge fund industry. One commenter recommended that the requirement be limited to reporting on investment strategies that the fund reports to third parties.<sup>408</sup> This commenter also stated that the proposed instructions were not clear how an adviser should respond if it does not report such information to third parties. After considering comments, in a change from the proposal, advisers will be required to respond to this question only if they actually report investment performance to third parties; thus, advisers will not be required to respond to this question if they only calculate (but do not report) such information. This change will allow us to continue to receive strategy performance information that is reported to third parties while reducing the burden on advisers. We understand that advisers may frequently calculate strategy performance for purposes other than reporting performance to third parties and that requiring reporting of each such calculation may be of more limited value and may be burdensome to report.

*Portfolio Correlation.* In a change from the proposal, we are not adopting a proposed question on portfolio correlation to collect data on the effects of a breakdown in correlation. We received several comments stating that the proposed portfolio correlation question would impose significant burdens on advisers because portfolio correlation is not a commonly calculated risk measurement and can be complex to calculate.<sup>409</sup> One commenter recommended only requiring an adviser to report portfolio correlation if correlation is a risk analysis metric that the adviser reports to its investors.<sup>410</sup> In light of comments we received, we are persuaded that the

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<sup>408</sup> MFA Comment Letter II.

<sup>409</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>410</sup> AIMA/ACC Comment Letter.

complexity and corresponding increased burden associated with the proposed portfolio correlation question would be significant. The new and modified questions we are adopting in this Release will also enhance our leverage monitoring efforts and enhance our data insights on counterparty exposures without including the proposed portfolio correlation question.

*Portfolio Liquidity.* We are adopting, as proposed, amendments to require advisers to include cash and cash equivalents when reporting portfolio liquidity, rather than excluding them, as the question currently provides.<sup>411</sup> We understand that reporting funds typically include cash and cash equivalents when analyzing their portfolio liquidity. This change will improve data quality by reducing inadvertent errors that result from requiring advisers to report in a way that is different from how they may report internally. This change is more reflective of industry practice, and it is preferable to receive reported data in a format that reflects how advisers typically analyze portfolio liquidity.

We are also amending the form's instructions to allow advisers to assign each investment to more than one period, rather than directing advisers to assign each investment to only one period, as Question 32 currently provides. We understand that directing advisers to assign an investment to only one period may make a reporting fund's portfolio appear less liquid than it is because it would not reflect that reporting funds may divide up sales in different periods (*e.g.*, a reporting fund could sell off a portion in the first time period and sell of the remainder in subsequent time periods). Therefore, this change is designed to reflect the liquidity of a reporting fund's portfolio more accurately.

While advisers will continue to be able to rely on their own methodologies to report portfolio liquidity, we are adding an instruction explaining that estimates must be based on a methodology that takes into account changes in portfolio composition, position size, and market conditions over time. Based on experience with the form, we have found that some advisers

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<sup>411</sup> See Question 37.

have used static methodologies that do not consider portfolio composition and position size relative to the market, and therefore do not reflect a reasoned view about when positions could be liquidated at or near carrying value. Therefore, this change will continue to allow advisers to use their own methodologies but improve data quality to ensure that the methodologies generate reporting that reflects a reasonable view of portfolio liquidity in light of changes in portfolio composition and size, and market conditions, over time.

One commenter stated that portfolio liquidity is a metric that may create misleading impressions when assessed on a disaggregated fund by fund basis.<sup>412</sup> As discussed more fully above in section II.A of the Release, disaggregated reporting, rather than being misleading, allows for a clearer understanding of the reporting fund's structure, including its portfolio liquidity, because we can observe liquidity on a fund by fund basis while continuing to allow aggregation of data across the fund structure for the broader context. This commenter also stated the proposed instruction regarding how to report the percentage of fund's net asset value that may be liquidated within each period if an investment is assigned to more than one period was unclear. In consideration of this comment, we are adding an instruction to specify that if an investment is assigned to more than one period, the adviser should reflect the percentage of NAV that might be liquidated within each period, rather than the percentage of NAV that the entire investment represents.<sup>413</sup> The same commenter stated that we should clarify the meaning of the proposed instruction that estimates must be based on a methodology that takes into account changes in portfolio composition, position size, and market conditions over time. To address this comment, we are also revising the instructions to specify that, for example, estimates would change if the portfolio invests in more or less liquid assets, if/when the portfolio investments grow to a size relative to the liquidity of the markets in which it invests that requires more time

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<sup>412</sup> MFA Comment Letter II.

<sup>413</sup> Question 37.

to liquidate, and if liquidity characteristics change measurably and meaningfully for the assets in which the portfolio invests.<sup>414</sup> This commenter also recommended that the total portfolio liquidity should not be expressed as a percentage of a fund's net asset value, in light of the instruction that suggests that the total may not add up to 100 percent.<sup>415</sup> The instruction that the total percentages should add up to approximately 100 percent is appropriate because we recognize that rounding differences may result in a calculated total percentage that does not equal 100 percent. We continue to believe that portfolio liquidity should be expressed as a percentage of net asset value because net asset value is also the unit in which redemptions take place and would allow calculations in value, if needed.

Finally, to facilitate more accurate reporting, collect better data, and reduce filer errors, we are amending the table to be included in new Question 37 to reflect that information should be reported as a percentage of NAV consistent with SEC staff Form PF Frequently Asked Questions.<sup>416</sup> We did not receive specific comment on this amendment.

*Financing and Investor Liquidity.* Current Question 46 is designed to show the extent to which financing may become rapidly unavailable for qualifying hedge funds.<sup>417</sup> We are adopting, as proposed, amendments to current Question 46 to improve data quality thereby supporting more effective systemic risk analysis.<sup>418</sup> Advisers will be required to provide the dollar amount of financing that is available to the reporting fund, including financing that is available but not used, by the following types: (1) "unsecured borrowing," (2) "secured borrowing" via prime brokerage, (3) secured borrowing via reverse repo, and (4) other secured

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<sup>414</sup> *Id.*

<sup>415</sup> MFA Comment Letter II. *See also* Question 37.

<sup>416</sup> *See* Form PF Frequently Asked Questions, *supra* footnote 162, Question 32.3.

<sup>417</sup> *See* 2011 Form PF Adopting Release, *supra* footnote 4, at text accompanying n.281.

<sup>418</sup> We redesignated current Question 46 as Question 50.

borrowings.<sup>419</sup> Currently, the Commissions and FSOC infer this data from this question and current Question 43 (concerning the reporting fund’s borrowings).<sup>420</sup> However, these inferences may not be accurate given the number of assumptions that currently go into making such inferences. This information will help us understand the extent to which a fund’s financing could be rapidly withdrawn and not replaced. We did not receive specific comment on this amendment. Current Question 50, which we have redesignated as Question 53, requires an adviser to report the percentage of the fund’s net asset value that is subject to suspensions and restrictions on withdrawals/redemptions for various time periods. In a modification from the proposal, we are amending Question 53 to instruct the adviser to make a good faith determination of the withdrawal and redemption restrictions that would likely be triggered during significant market stress conditions. This additional instruction addresses commenters’ concerns by reducing the reporting burden for advisers that advise funds with varying redemption and withdrawal rights and improve data quality.<sup>421</sup>

*Definition of “Hedge Fund.”* We requested comment on whether we should amend the definition of “hedge fund” as it is defined in the Form PF Glossary of Terms. After considering comments, we are not adopting any amendments to the existing definition of “hedge fund” at this time. Certain commenters generally supported revising the definition of “hedge fund” to remove deemed hedge funds (*i.e.*, a private fund reported as a “hedge fund” as Form PF directs because the fund’s governing documents permit the fund to engage in certain borrowing and short selling

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<sup>419</sup> Form PF defines “unsecured borrowing” as obligations for borrowed money in respect of which the borrower has not posted collateral or other credit support. Form PF defines “secured borrowing” as obligations for borrowed money in respect of which the borrower has posted collateral or other credit support. For purposes of this definition, reverse repos are secured borrowings. *See* Form PF Glossary of Terms. These categories are designed to be consistent with borrowing categories that qualifying hedge funds will report on the new counterparty exposure table.

<sup>420</sup> Current Question 43 collects data on the reporting fund’s borrowing by type (*e.g.*, unsecured, and secured by type, *i.e.*, prime broker, reverse repo or other), while current Question 46 only collects a total amount of financing available, both used and unused, with no breakdown by type of financing.

<sup>421</sup> As discussed more fully above in section II.B.2 of this Release, some commenters stated that, in the context of proposed Question 10, the proposed amendments should permit reporting of multiple types of redemption and withdrawal rights. *See, e.g.*, MFA Comment Letter II; SIFMA Comment Letter; USCC Comment Letter.

(even though it did not do so at any time in the past)).<sup>422</sup> These commenters supported revising the definition of “hedge fund” to exclude private funds that have an ability to use leverage or engage in shorting but do not do so in the ordinary course of business and that the market does not generally consider to be hedge funds. Some commenters recommended adopting a *de minimis* test, which would exclude any private fund from the definition that has not recently engaged in shorting or borrowing activity within a specified period, such as within the last 12 months, or has not engaged in these activities in excess of a specified amount, such as greater than 0.5% or 1% of the fund’s net asset value.<sup>423</sup> One commenter recommended an exclusion for any private fund whose borrowing activities are only related to real estate.<sup>424</sup> Another commenter recommended including a rebuttable presumption in the definition that a private fund that holds itself out as a hedge fund is a hedge fund, while a private equity fund that holds itself out as pursuing a private equity strategy is not a hedge fund, similar to the venture capital exemption under the Advisers Act.<sup>425</sup> Another commenter recommended specifying in the definition that only private funds that provide redemption rights in the ordinary course can be classified as hedge funds.<sup>426</sup> One commenter recommended revising the definition to remove the default treatment of commodity pools as hedge funds.<sup>427</sup>

The existing definition is designed to include any private fund having any one of three common characteristics of a hedge fund: (1) a performance fee that takes into account market value (instead of only realized gains); (2) leverage; or (3) short selling. We believe that any private fund that has one or more of these characteristics is an appropriate subject for the more

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<sup>422</sup> See, e.g., AIC Comment Letter I; CFA Institute Comment Letter; Ropes & Gray Comment Letter; Schulte Comment Letter; SIFMA Comment Letter.

<sup>423</sup> See AIC Comment Letter I; Ropes & Gray Comment Letter.

<sup>424</sup> See SIFMA Comment Letter.

<sup>425</sup> See Ropes & Gray Comment Letter. 17 CFR 275.203(l)-1. See Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers with Less than \$150 Million in Assets Under Management, and Foreign Private Advisers, Advisers Act Release No. 3222 (June 22, 2011) [76 FR 39646 (July 6, 2011)].

<sup>426</sup> See CFA Institute Comment Letter.

<sup>427</sup> See MFA Comment Letter II.

detailed level of reporting that hedge funds are subject to on Form PF because the questions that hedge fund advisers are required to complete focus on these activities which bring funds within the “hedge fund” definition. Without classifying these funds as hedge funds for the purpose of Form PF, we would not receive important reporting on these activities which may contribute to systemic risk, particularly in the event of a fund that has the ability to engage in borrowing or short selling activities. Incorporating any carveouts in the definition, such as the recommended *de minimis* exception for borrowing or short selling, could cause further data mismatches and increase the burden on advisers because certain funds could be required to fluctuate between different reporting categories in different reporting periods depending on the fund’s practices in any given period. In our experience, such an exclusion would eliminate only a limited number of private funds from the reporting category. We also believe that short selling and borrowing are important distinguishing characteristics of hedge funds and providing any exception for these activities, including a *de minimis* one, could have a significant, negative effect on reporting. Therefore, we do not believe that including responses from these private funds in the reporting information from hedge fund advisers impairs our data quality. We also believe adopting a rebuttable presumption is not appropriate because it would increase burdens on advisers by effectively requiring an adviser to produce evidence of its filing category. Further, this approach would effectively allow an adviser to determine whether it reports the additional information that hedge fund advisers are required to report on Form PF, which would diminish the quality and value of data collected on Form PF. Additionally, as it relates to the treatment of commodity pools as hedge funds for reporting purposes, such treatment further aligns the consistency of questions asked across these entities, both on this Form PF, as well as on the CFTC’s Form CPO-PQR.

#### **D. Amendments to Enhance Data Quality**

We are also adopting, as proposed except as specifically provided below, several amendments to the instructions to Form PF to enhance data quality.<sup>428</sup> Specifically, we are adopting the following changes:

*Reporting of percentages.* For questions that require information to be expressed as a percentage, we are adopting, as proposed, an amendment to require that percentages be rounded to the nearest one hundredth of one percent rather than rounded to the nearest whole percent. This additional level of precision is important, especially for questions where it is common for filers to report low percentage values (*e.g.*, risk metric questions such as Question 40 and Question 42) to avoid situations where advisers round to zero and no data is reported, potentially obscuring small changes that may be meaningful from a risk analysis or stress testing perspective. One commenter stated that the requirement to report information expressed as a percentage to the nearest one hundredth of one percent will significantly increase the costs and additional burdens for reporting advisers.<sup>429</sup> This commenter also stated that, if the Commissions provide a basis for requiring additional granularity, the Commissions should amend the instruction to require reporting rounded to the nearest one tenth of one percent, rather than one hundredth of one percent.

Percentages rounded to the nearest one hundredth of one percent will allow the Commissions to obtain and analyze more precise information that may otherwise be obscured. For example, one one-hundredth of one percent can represent a meaningful dollar amount depending on the size of the private fund. And, while we recognize that this may not be the case for smaller funds, when such amounts are taken together for a large group of smaller funds, the aggregate amount across the fund group can represent a meaningful dollar amount for data

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<sup>428</sup> Instruction 15 (provides guidelines for advisers in responding to questions on Form PF relying on their own methodology).

<sup>429</sup> MFA Comment Letter II.

analysis purposes. Furthermore, as noted above, this level of detail is particularly important for questions where it is common for filers to report low percentage values to avoid situations where advisers round to zero and no data is reported. Finally, we understand that many advisers already use electronic spreadsheet programs and other tools to generate percentages and assist with rounding, which should limit the incremental burdens and costs on advisers. While we considered less granular reporting, such as rounding to the nearest one tenth of one percent, the adopted threshold strikes an appropriate balance between enhancing Form PF data quality and the burdens and costs of reporting this information on Form PF.

*Value of investment positions and counterparty exposures.* We are amending, as proposed, the instructions to specify how private fund advisers determine the value of investment positions (including derivatives) and counterparty exposures. We are adopting amendments to require derivatives trades to be reported independently on a gross basis, consistent with derivatives reporting on Form N-PORT.<sup>430</sup> We are also amending the instruction that for all positions reported on Form PF, to not include as “closed-out” a position if the position is closed out with the same counterparty and results in no credit or market exposure to the fund, making the approach on Form PF with respect to closed out positions consistent with rule 18f-4 of the Investment Company Act and our understanding of filers’ current practices.<sup>431</sup> We did not receive specific comment on these amendments. These changes will provide a more consistent presentation of reported information on investment and counterparty exposures to support more accurate aggregation and comparisons among private funds by us and FSOC in assessing systemic risk.

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<sup>430</sup> Specifically, Instruction 15 requires that if a question in Form PF requests information regarding a “position” or “positions,” advisers must treat legs of a transaction even if offsetting or partially offsetting, or even if entered into with the same counterparty under the same master agreement as two separate positions, even if reported internally as part of a larger transaction. *See also* instructions to N-PORT, General Instruction G.

<sup>431</sup> *See* Use of Derivatives by Registered Investment Companies and Business Development Companies, Release No. 34084 (Nov. 2, 2020) [85 FR 83162, 83210 (Dec. 21, 2020)]. *See also* Form PF Frequently Asked Questions, *supra* footnote 162, Question 44.1.

*Reporting of long and short positions.* We are amending, as proposed, the instructions regarding the reporting of long and short positions on Form PF to improve the accuracy and consistency of reported data used for systemic risk analysis. The amended instructions specify that if a question requires the adviser to distinguish long positions from short positions, the adviser should classify positions based on the following: (1) a long position experiences a gain when the value of the market factor to which it relates increases (and/or the yield of that factor decreases), and (2) a short position experiences a loss when the value of the market factor to which it relates increases (and/or the yield of that factor decreases). Although some commenters supported the proposed amendments to require advisers to report their long and short holdings on a disaggregated basis<sup>432</sup> and other commenters opposed the requirements for more detailed disclosure of holdings,<sup>433</sup> we did not receive specific comment on the proposed change to the instructions defining long and short positions. The amended instructions will improve the data quality and comparability used for systemic risk analysis.

*Calculating certain derivative values.* We are amending, with a modification from the proposal, the instruction to provide that, (1) for calculating the value of interest rate derivatives, “value” means the 10-year bond equivalent, and (2) for calculating the value of options, “value” means the delta adjusted notional value (expressed as a 10-year bond equivalent for options that are interest rate derivatives).<sup>434</sup> In a change from the proposal, the amended instructions provide that the value should be expressed in U.S. dollars, rather than the base currency of the reporting fund, to maintain consistent currency reporting throughout Form PF. One commenter stated that the definition of “10-year bond equivalent” specifies the expression of the value in the fund’s base currency, which could result in requiring multiple currency conversions for any transactions not in

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<sup>432</sup> See AFREF Comment Letter I; Better Markets Comment Letter. See *supra* section II.C.2.a.

<sup>433</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter. See *supra* section II.C.2.a.

<sup>434</sup> See Form PF Glossary of Terms (definition of “10-year bond equivalent” specifies the 10-year zero coupon bond equivalent).

the fund's base currency.<sup>435</sup> We are revising the "10-year bond equivalent" definition to reference U.S. dollars, rather than the fund's base currency. We are making this change because it is important for metrics to be reported in a common currency for data quality and comparability purposes. The amended instruction also provides that in determining the value of these derivatives, advisers should not net long and short positions or offset trades but should exclude closed-out positions that are closed out with the same counterparty provided that there is no credit or market exposure to the fund. The amendments are designed to provide more consistent reporting by advisers, which will help support more accurate aggregation of data, better comparisons among funds, and a more accurate picture for purposes of assessing systemic risk.<sup>436</sup>

*Currency Conversions for Reporting in U.S. Dollars.* We are amending, as proposed, Instruction 15 to specify that if a question requests a monetary value, advisers should provide the information in U.S. dollars as of the data reporting date or other requested date (as applicable) and use a foreign exchange rate for the applicable date. We are also amending Instruction 15 to provide that if a question requests a monetary value for transactional data that covers a reporting period, advisers should provide the information in U.S. dollars, rounded to the nearest thousand, using foreign exchange rates as of the dates of any transactions to convert local currency values to U.S. dollars.<sup>437</sup>

One commenter stated that private funds should be required to report their holdings in the fund's base currency, rather than convert to U.S. dollars, to allow for assessment of the extent of a fund's currency risk exposure.<sup>438</sup> We agree that currency exposure reporting is important for understanding a fund's overall risk exposure and for systemic risk analysis and, as discussed

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<sup>435</sup> AIMA/ACC Comment Letter.

<sup>436</sup> This is consistent with staff Form PF Frequently Asked Questions, *see, e.g., supra* footnote 162, Questions 24.3 and 26.1.

<sup>437</sup> See Instruction 15.

<sup>438</sup> AFREF Comment Letter I.

more fully in section II.C above, we are adopting other amendments to Form PF that require large hedge fund advisers to report additional data on the fund's currency risk exposure.<sup>439</sup> Regarding currency reporting, however, it is important for data comparability for advisers to report in a common currency, rather than in a fund's base currency, and for an adviser to determine foreign exchange rates consistent with its valuation policies because reporting in a common currency allows the Commissions to evaluate aggregate data, such as exposures, more readily. One commenter recommended specifying a required time of day and methodology for determining the applicable foreign exchange rate to avoid inconsistent data.<sup>440</sup> Although specifying a time of day and methodology could improve data comparability, this would distort values reported on Form PF from what advisers calculate and report to their investors because these values are similar to prices on any other portfolio investment. For a foreign exchange rate, the adviser is valuing a currency, but generally should be doing so using the same source, time of day, or other methodology for capturing foreign exchange rates as is defined in the adviser's or fund's valuation policy. It is preferable for advisers to report values using the foreign exchange rate practices they use internally and to report to their investors.

#### **E. Additional Amendments**

We are adopting, as proposed except as indicated below, several additional amendments to the general instructions to Form PF. We are adopting an amendment to Instruction 14 to allow advisers to request a temporary hardship exemption electronically to make it easier to submit a temporary hardship exemption.<sup>441</sup> We are also adopting an amendment to 17 CFR 275.204(b)-

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<sup>439</sup> See Question 33.

<sup>440</sup> AIMA/ACC Comment Letter.

<sup>441</sup> We are also adopting amendments to update the mailing address to which advisers requesting a temporary hardship exemption should mail their exemption filing, include the email address for submitting electronically the adviser's signed exemption filing in PDF format, and add an instruction noting that filers should not complete or file any other sections of Form PF if they are filing a temporary hardship exemption. See Instruction 14. The reference regarding the instruction pertaining to temporary hardship exemptions has also been amended to refer to Instruction 14 instead of Instruction 13 and, as a result of the amendments set forth in the May 2023 SEC Form PF Amending Release, to refer to section 7 instead of section 5. See Form PF General Instruction 3, Section 7 – Advisers requesting a temporary hardship exemption.

1(f) under the Advisers Act, that for purposes of determining the date on which a temporary hardship exemption is filed, “filed” means the earlier of the date the request is postmarked or the date it is received by the Commission.<sup>442</sup> We are adopting the latter change to assist advisers with determining what constitutes a “filed” temporary hardship exemption in the context of the requirement that the request be filed no later than one business day after a filer’s electronic Form PF filing was due as required under Instruction 14. We did not receive comments on these proposed amendments.

Additionally, we are adopting, as proposed, amendments to Instruction 18 based on recent rule changes made by the CFTC with respect to Form CPO-PQR.<sup>443</sup> While the CFTC no longer considers Form PF reporting on commodity pools as constituting substituted compliance with CFTC reporting requirements, some CPOs may continue to report such information on Form PF. Although some commenters recommended that the Commissions harmonize filing requirements between Form PF and Form CPO-PQR,<sup>444</sup> we did not receive comments on the proposed change to the instructions on substituted compliance.

We are adopting, as proposed, amendments to the defined term “G10,” which Form PF defines as the Group of Ten, to (1) remove outdated country compositions and (2) include an instruction that if the composition of the G10 changes after the effective date of these amendments to Form PF, advisers should use the current composition as of the data reporting date. In a modification from the proposal, we are not adopting the proposed amendments to the defined term “EEA,” as this term is no longer used in the Form following the amendments we are adopting to current Question 28.<sup>445</sup> We are also removing “EEA” as a defined term in the

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<sup>442</sup> We are also adopting amendments to 17 CFR 275.204(b)-1(f) under the Advisers Act to remove certain filing instructions in the rule for temporary hardship exemptions and instead direct filers to the instructions in the form. *See* 17 CFR 275.204(b)-1(f)(2)(i) (indicating that advisers should complete and file Form PF in accordance with the instructions to Form PF, no later than one business day after the electronic Form PF filing was due).

<sup>443</sup> *See* Form CPO-PQR Release, *supra* footnote 100.

<sup>444</sup> *See, e.g.*, MFA Comment Letter II; SIFMA Comment Letter.

<sup>445</sup> *See* section II.C.2.d in this Release for further discussion of the amendments to current Question 28.

Glossary for the same reason. We did not receive comments on these proposed definitional changes.

Additionally, the SEC is making a technical amendment to Section 5 Item B “Extraordinary Investment Losses” to correct a mathematical error in the version of the form adopted as part of the May 2023 SEC Form PF Amending Release.<sup>446</sup> Specifically, the SEC is revising the equation in the first sentence so that it accurately reflects that the 10-business-day holding period return computation should be a percentage, rather than a value. To accomplish this, the SEC is deleting the phrase “of reporting fund aggregate calculated value” in Section 5 Item B “Extraordinary Investment Losses” current report for large hedge fund advisers to qualifying hedge funds.<sup>447</sup>

#### **F. Effective and Compliance Dates**

In order to provide time for advisers to prepare to comply with the amendments, including reviewing the requirements, building the appropriate internal reporting and tracking systems, and collecting the required information, as well as to simplify the compliance process and reduce potential confusion, the effective date for the amendments is the same as the compliance date.<sup>448</sup> The effective/compliance date is [INSERT DATE 365 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*], which is one year from the date of publication of the rules in the *Federal Register*. We recognize that the different effective/compliance date for these amendments from those adopted in the May 2023 SEC Form

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<sup>446</sup> In May 2023, the SEC amended Form PF section 4, added new sections 5 and 6, and redesignated prior section 5 as section 7 in connection with certain amendments to require event reporting for large hedge fund advisers and all private equity fund advisers and to revise certain reporting requirements for large private equity fund advisers. See May 2023 SEC Form PF Amending Release.

<sup>447</sup> As revised, Section 5 Item B states: If on any business day the 10-business-day holding period return of the reporting fund is less than or equal to -20%, provide the information required by Questions 5-4 to 5-7, below. (Current reports should not be filed for overlapping 10-business-day periods.)

<sup>448</sup> With respect to the compliance period, several commenters requested the SEC consider interactions between the proposed rule and other recent SEC rules. In determining compliance periods, the SEC considers the benefits of the rules as well as the costs of delayed compliance periods and potential overlapping compliance periods. For the reasons discussed throughout this release, to the extent that there are costs from overlapping compliance periods, the benefits of the rule justify such costs. See sections IV.B.1 and IV.C.2 of this Release for a discussion of the interactions of the final rule with certain other Commission rules.

PF Amending Release and the July 2023 SEC Form PF Amending Release may lead to inconsistent reporting as well as additional compliance burdens because we are amending certain existing questions in Form PF.<sup>449</sup> If a period exists during which some advisers may be completing the old version of these questions and other advisers are completing the amended versions, they may be providing different types of information. This information could be difficult to compare and thus would limit its value for the FSOC and our assessment of systemic risk. However, the amendments we are adopting relate to different sections of Form PF than those adopted in the May 2023 SEC Form PF Amending Release and the July 2023 SEC Form PF Amending Release. Therefore, we will continue to be able to review the data that is reported in sections 1 and 2 of Form PF during the period between the effective/compliance date of the amendments adopted in the May 2023 SEC Form PF Amending Release and the July 2023 SEC Form PF Amending Release. For example, during the transition period between the effective/compliance date of the amendments adopted in May and July, the data reported on sections 1 and 2 of Form PF will retain its comparability as all filers will report on the same sets of questions in these sections.

Some commenters recommended adopting the same effective and compliance date for the amendments proposed in the 2022 SEC Form PF Proposing Release and the 2022 Joint Form PF Proposing Release because it would be more efficient for advisers to implement a single set of changes to its systems.<sup>450</sup> One commenter recommended that the Commissions provide sufficient time for advisers to comply with any new rules arising out of the 2022 SEC Form PF

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<sup>449</sup> For the amendments adopted in the May 2023 SEC Form PF Amending Release, the effective/compliance date for sections 5 and 6 is Dec. 11, 2023, and the effective compliance/date for the amended, existing sections, is June 11, 2024. *See* May 2023 SEC Form PF Amending Release, *supra* footnote 4. For the amendments adopted in the July 2023 SEC Form PF Amending Release, the effective/compliance date for the amendments to Form PF is also June 11, 2024. *See* July 2023 SEC Form PF Amending Release, *supra* footnote 4.

<sup>450</sup> *See, e.g.*, MFA Comment Letter III; SIFMA Comment Letter. Subsequent to these comment letters, the SEC adopted amendments to section 3 of Form PF concerning liquidity funds. *See* July 2023 SEC Form PF Amending Release, *supra* footnote 4.

Proposing Release and the 2022 Joint Form PF Proposing Release.<sup>451</sup> One commenter recommended that the Commissions adopt concurrent and overlapping compliance and transition periods for each set of proposed amendments to lessen the burden and expense of compliance.<sup>452</sup>

We recognize that a single set of effective/compliance dates for each set of amendments could potentially provide certain efficiencies for advisers in modifying their existing systems. We considered earlier effective/compliance dates for the amendments adopted in this Release that would align with the effective/compliance dates adopted for the May/July amendments; however, we do not believe that either of the compliance/effective dates for the other amendments to Form PF would provide advisers with sufficient time to comply with the distinct set of amendments that are being adopted in this Release. The compliance/effective dates for the distinct set of Form PF amendments that we are adopting, which apply to different sections of the Form than the May/July amendments to Form PF, are later than the effective/compliance dates of the May/July amendments to allow advisers sufficient time to comply with the amendments that are being adopted in this Release, as well as the May/July amendments.

One commenter recommended a transition period for the change from fiscal quarter to calendar quarter reporting for large hedge fund advisers and large liquidity fund advisers, as discussed more fully in section II.A.3 above.<sup>453</sup> The commenter stated that for quarterly filers who have a fiscal year ending in a non-calendar quarter month, the proposed instructions do not specify the procedure for a filer who, during the transition from fiscal to calendar quarter reporting, would otherwise be required to report twice in one calendar quarter.<sup>454</sup> The commenter recommended that such filers be required to file their first calendar quarter-end filing for the first full quarterly reporting period after the compliance date, to avoid requiring two

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<sup>451</sup> SIFMA Comment Letter.

<sup>452</sup> AIMA/ACC Comment Letter.

<sup>453</sup> *Id.*

<sup>454</sup> *Id.*

filings in a single calendar quarter period.<sup>455</sup> After considering comments, we confirm that such an adviser is not required to file its quarterly report more than once in a single calendar quarter as a result of this amendment because advisers are not required to transition to the new timing requirement until the first calendar quarter-end filing for the first full quarterly reporting period after the compliance date.

### **III. Other Matters**

Pursuant to the Congressional Review Act, the Office of Information and Regulatory Affairs has designated these rules as not a “major rule” as defined by 5 U.S.C. 804(2). If any of the provisions of these rules, or the application thereof to any person or circumstance, is held to be invalid, such invalidity shall not affect other provisions or application of such provisions to other persons or circumstances that can be given effect without the invalid provision or application.

### **IV. Economic Analysis**

#### **A. Introduction**

The SEC is mindful of the economic effects, including the costs and benefits, of the final amendments. Section 202(c) of the Advisers Act provides that when the SEC is engaging in rulemaking under the Advisers Act and is required to consider or determine whether an action is necessary or appropriate in the public interest, the SEC shall also consider whether the action will promote efficiency, competition, and capital formation, in addition to the protection of investors.<sup>456</sup> The analysis below addresses the likely economic effects of the final amendments, including the anticipated and estimated benefits and costs of the amendments and their likely effects on efficiency, competition, and capital formation. The SEC also discusses the potential economic effects of certain alternatives to the approaches taken in this Release.

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<sup>455</sup> *Id.*

<sup>456</sup> 15 U.S.C. 80b-2(c).

As discussed in the proposing release, many of the benefits and costs discussed below are difficult to quantify. For example, in some cases, data needed to quantify these economic effects are not currently available and the SEC does not have information or data that would allow such quantification. While the SEC has attempted to quantify economic effects where possible, much of the discussion of economic effects is qualitative in nature.

## **B. Economic Baseline and Affected Parties**

### **1. Economic Baseline**

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the final amendments are measured consists of the current state of the market, Form PF filers' current practices, and the current regulatory framework. The economic analysis appropriately considers existing regulatory requirements, including recently adopted rules, as part of its economic baseline against which the costs and benefits of the final rule are measured.<sup>457</sup>

Several commenters requested the Commission consider interactions between the economic effects of the proposed rule and other recent Commission proposals.<sup>458</sup> Commenters indicated there could be interactions between this rulemaking and six proposals<sup>459</sup> that have since

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<sup>457</sup> See, e.g., *Nasdaq v. SEC*, 34 F.4th 1105, 1111-15 (D.C. Cir. 2022). This approach also follows SEC staff guidance on economic analysis for rulemaking. See SEC Staff, *Current Guidance on Economic Analysis in SEC Rulemaking* (Mar. 16, 2012), available at [https://www.sec.gov/divisions/riskfin/rsfi\\_guidance\\_econ\\_analy\\_secrulemaking.pdf](https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_secrulemaking.pdf) (“The economic consequences of proposed rules (potential costs and benefits including effects on efficiency, competition, and capital formation) should be measured against a baseline, which is the best assessment of how the world would look in the absence of the proposed action.”); *Id.* at 7 (“The baseline includes both the economic attributes of the relevant market and the existing regulatory structure.”). The best assessment of how the world would look in the absence of the proposed or final action typically does not include recently proposed actions, because doing so would improperly assume the adoption of those proposed actions.

<sup>458</sup> See, e.g., MFA Comment Letter III; SIFMA Comment Letter; AIC Comment Letter I; AIC Comment Letter II; MFA/NAPFM Comment Letter; Comment Letter of U.S. House of Representatives Committee on Financial Services.

<sup>459</sup> Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements for Large Private Equity Advisers and Large Liquidity Fund Advisers, Release No. IA-5950 (Jan. 26, 2022) [87 FR 9106 (Feb. 17, 2022)] (see MFA/NAPFM Comment Letter at 20, n.21 and accompanying text; AIC Comment Letter II at 8, n.25); Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews, Release No. IA-5955 (Feb. 9, 2022) [87 FR 16886 (Mar. 24, 2022)] (see MFA/NAPFM Comment Letter at 10-12; AIC Comment Letter II at 1, n.3, 8); Modernization of Beneficial

been adopted: the May 2023 SEC Form PF Amending Release,<sup>460</sup> SEC Private Funds Advisers Adopting Release,<sup>461</sup> Beneficial Ownership Amending Release,<sup>462</sup> Short Position Reporting Adopting Release,<sup>463</sup> Securitizations Conflicts Adopting Release,<sup>464</sup> Treasury Clearing

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Ownership Reporting, Release Nos. 33-11030, 34-94211 (Feb. 10, 2022) [87 FR 13846 (Mar. 10, 2022)] (*see* MFA/NAPFM Comment Letter at 14-15); Short Position and Short Activity Reporting by Institutional Investment Managers, Release No. 34-94313 (Feb. 25, 2022) [87 FR 14950 (Mar. 16, 2022)] (*see* MFA/NAPFM Comment Letter at 15-16); Prohibition Against Conflicts of Interest in Certain Securitizations, Release No. 33-11151 (Jan. 25, 2023) [88 FR 9678 (Feb. 14, 2023)] (*see* MFA/NAPFM Comment Letter at 21-22); Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities, Release No. 34-95763 (Sept. 14, 2022) [87 FR 64610 (Oct. 25, 2022)] (*see* July 2023 MFA and NAPFM Comment Letter at 16-17); Further Definition of “As a Part of a Regular Business” in the Definition of Dealer and Government Securities Dealer, Release No. 34-94524 (Mar. 28, 2022) [87 FR 23054 (Apr. 18, 2022)] (*see* MFA/NAPFM Comment Letter at 12-13; AIC Comment Letter II at n.3, n.16, n.30).

<sup>460</sup> May 2023 SEC Form PF Amending Release, *supra* footnote 4. The Form PF amendments adopted in May 2023 require large hedge fund advisers and all private equity fund advisers to file reports upon the occurrence of certain reporting events. The May 2023 SEC Form PF Amending Release revised Form PF to (i) add new current reporting requirements for large hedge fund advisers to qualifying hedge funds upon the occurrence of key events (new section 5); (ii) add new quarterly reporting requirements for all private equity fund advisers upon the occurrence of key events (new section 6); and (iii) add and revise new regular reporting questions for large private equity fund advisers. The compliance dates are Dec. 11, 2023, for the event reports in Form PF sections 5 and 6, and June 11, 2024, for the remainder of the Form PF amendments in the May 2023 SEC Form PF Amending Release.

<sup>461</sup> SEC Private Fund Advisers Adopting Release, *supra* footnote 185. The Commission adopted five new rules and two rule amendments as part of the reforms. The compliance date for the quarterly statement rule and the audit rule is Mar. 14, 2025, for all advisers. For the adviser-led secondaries rule, the preferential treatment rule, and the restricted activities rule, the Commission adopted staggered compliance dates that provide for the following transition periods: for advisers with \$1.5 billion or more in private funds assets under management, a 12-month transition period (ending on Sept. 14, 2024) and for advisers with less than \$1.5 billion in private funds assets, an 18-month transition period (ending on Mar. 14, 2025). The compliance date for the amended Advisers Act compliance rule was Nov. 13, 2023.

<sup>462</sup> Modernization of Beneficial Ownership Reporting, Release No. 33-11253 (Oct. 10, 2023) (“Beneficial Ownership Amending Release”). Among other things, the amendments generally shorten the filing deadlines for initial and amended beneficial ownership reports filed on Schedules 13D and 13G, and require that Schedule 13D and 13G filings be made using a structured, machine-readable data language. The amendments are effective on Feb. 5, 2024. Compliance with the new filing deadline for Schedule 13G will not be required before Sept. 30, 2024, and the rule’s structured data requirements have a one-year implementation period ending Dec. 18, 2024. *See* Beneficial Ownership Amending Release, section II.G.

<sup>463</sup> Short Position and Short Activity Reporting by Institutional Investment Managers, Release No. 34-98738 (Oct. 13, 2023) [88 FR 75100 (Nov. 1, 2023)] (“Short Position Reporting Adopting Release”). The new rule and related form are designed to provide greater transparency through the publication of short sale-related data to investors and other market participants. Under the new rule, institutional investment managers that meet or exceed certain specified reporting thresholds are required to report, on a monthly basis using the related form, specified short position data and short activity data for equity securities. The compliance date for the rule is Jan. 2, 2025. In addition, the Short Position Reporting Adopting Release amends the national market system plan governing consolidated audit trail (“CAT”) to require the reporting of reliance on the bona fide market making exception in the Commission’s short sale rules. The compliance date for the CAT amendments is July 2, 2025.

<sup>464</sup> Prohibition Against Conflicts of Interest in Certain Securitizations, Release No. 33-11254 (Nov. 27, 2023) [88 FR 85396 (Dec. 7, 2023)] (“Securitizations Conflicts Adopting Release”). The new rule prohibits an underwriter, placement agent, initial purchaser, or sponsor of an asset-backed security (including a synthetic asset-backed security), or certain affiliates or subsidiaries of any such entity, from engaging in any transaction that would involve or result in certain material conflicts of interest. The compliance date is June 9, 2025.

Amending Release,<sup>465</sup> and Dealer Definition Amending Release.<sup>466</sup> These recently adopted rules were not included as part of the baseline in the 2022 Joint Form PF Proposing Release because they were not adopted at that time. In response to commenters, this economic analysis considers potential economic effects arising from the extent to which there is any overlap between the compliance period for the final amendments and the compliance periods for each of these recently adopted rules.<sup>467</sup>

Form PF complements the basic information about private fund advisers and funds reported on Form ADV.<sup>468</sup> As discussed above, the Commissions adopted Form PF in 2011, with additional amendments made to section 3 along with certain money market reforms in

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<sup>465</sup> Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule with Respect to U.S. Treasury Securities, Release No. 34-99149 (Dec. 13, 2023) [89 FR 2714 (Jan. 16, 2024)] (“Treasury Clearing Adopting Release”). Among other things, the rules require covered clearing agencies for U.S. Treasury securities to have written policies and procedures reasonably designed to require that every direct participant of the covered clearing agency submit for clearance and settlement all eligible secondary market transactions in U.S. Treasury securities to which it is a counterparty. The compliance dates are 60 days after publication in the Federal Register for each covered clearing agency to file any proposed rule changes pursuant to final Rule 17Ad-22(e)(6)(i), 17Ad-22(e)(18)(iv)(c), and 15c3-3, and the rule changes must be effective by Mar. 31, 2025. With respect to the changes to Rule 17Ad-22(e)(18)(iv)(A) and (B), (i) each covered clearing agency will be required to file any proposed rule changes regarding those amendments no later than 150 days after publication in the Federal Register, and the proposed rule changes must be effective by Dec. 31, 2025, for cash market transactions encompassed by section (ii) of the definition of an eligible secondary market transaction, and by June 30, 2026, for repo transactions encompassed by section (i) of the definition of an eligible secondary market transactions. Compliance by the direct participants of a U.S. Treasury securities covered clearing agency with the requirement to clear eligible secondary market transactions would not be required until Dec. 31, 2025 and June 30, 2026, respectively, for cash and repo transactions.

<sup>466</sup> Further Definition of “As a Part of a Regular Business” in the Definition of Dealer and Government Securities Dealer in Connection with Certain Liquidity Providers, Release No. 34-99477 (Jan. 24, 2024) (“Dealer Definition Amending Release”). The dealer definition amendments define the phrase “as a part of a regular business” as used in the statutory definitions of “dealer” and “government securities dealer.” The compliance date is one year from the effective date, or approximately Mar. 2025, for persons engaging in activities that meet the dealer registration requirements to register prior to the effective date of the final rules.

<sup>467</sup> In addition, commenters indicated there could also be overlapping compliance costs between the final amendments and proposals that have not been adopted. *See, e.g.*, AIC Comment Letter II; MFA/NAPFM Comment Letter. To the extent those proposals are adopted, the baseline in those subsequent rulemakings will reflect the existing regulatory requirements at that time.

<sup>468</sup> Investment advisers to private funds report on Form ADV, on a public basis, general information about private funds that they advise, including basic organizational, operational information, and information about the fund’s key service providers. Information on Form ADV is available to the public through the Investment Adviser Public Disclosure System, which allows the public to access the most recent Form ADV filing made by an investment adviser. *See, e.g.*, Form ADV, *available at* <https://www.investor.gov/introduction-investing/investing-basics/glossary/form-adv>; *see also* Investment Adviser Public Disclosure, *available at* <https://adviserinfo.sec.gov/>.

2014,<sup>469</sup> further amendments made to sections 3 and 4 in 2023, and new sections 5 and 6 added in 2023 as well.<sup>470</sup> Unlike Form ADV, Form PF is not an investor-facing disclosure form. Information that private fund advisers report on Form PF is provided to regulators on a confidential basis and is nonpublic.<sup>471</sup> The purpose of Form PF is to provide the Commissions and FSOC with data that regulators can deploy in their regulatory and oversight programs directed at assessing and managing systemic risk and protecting investors.<sup>472</sup>

Before Form PF was adopted, the SEC and other regulators, including the CFTC, had limited visibility into the economic activity of private fund advisers and relied largely on private vendor databases about private funds that covered only voluntarily provided private fund data and did not represent the total population.<sup>473</sup> Form PF represented an improvement in available data about private funds, both in terms of its reliability and completeness.<sup>474</sup> Generally, investment advisers registered (or required to be registered) with the SEC with at least \$150 million in private fund assets under management must file Form PF. Smaller private fund advisers and all private equity fund advisers file annually to report general information such as the types of private funds advised (*e.g.*, hedge funds, private equity funds, or liquidity funds),

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<sup>469</sup> See *supra* footnote 3. When the SEC adopted the amendments to section 3 in 2014 in connection with certain money market reforms, it noted that under the proposal it was concerned that some of the proposed money market reforms might result in assets shifting from registered money market funds to unregistered products such as liquidity funds, and that the proposed amendments were designed to help the SEC and FSOC track any potential shift in assets and better understand the risks associated with the proposed money market reforms. See, *e.g.*, D. HILTGEN, PRIVATE LIQUIDITY FUNDS: CHARACTERISTICS AND RISK INDICATORS (Jan. 27, 2017), available at <https://www.sec.gov/files/2017-03/Liquidity%20Fund%20Study.pdf> (“Hiltgen Paper”); 2011 Form PF Adopting Release, *supra* footnote 4; 2014 Form PF Amending Release, *supra* footnote 4, at 466; Commissioner Luis Aguilar Statement, *Strengthening Money Market Funds to Reduce Systemic Risk*, SEC (July 23, 2014), available at <https://www.sec.gov/news/public-statement/2014-07-23-open-meeting-statment-laa>.

<sup>470</sup> May 2023 SEC Form PF Amending Release, *supra* footnote 4; July 2023 SEC Form PF Amending Release *supra* footnote 4.

<sup>471</sup> As discussed above, SEC staff publish quarterly reports of aggregated and anonymized data regarding private funds on the SEC’s website. See *supra* footnote 5; see also Private Fund Statistics Q1 2023.

<sup>472</sup> See *supra* section I.

<sup>473</sup> See, *e.g.*, SEC 2020 ANNUAL STAFF REPORT RELATING TO THE USE OF FORM PF DATA (Nov. 2020), available at <https://www.sec.gov/files/2020-pf-report-to-congress.pdf>.

<sup>474</sup> *Id.*

fund size, use of borrowings and derivatives, strategy, and types of investors.<sup>475</sup> In addition, large private equity fund advisers provide data about each private equity fund they manage. Large hedge fund advisers and large liquidity fund advisers also provide data about each reporting fund they manage, and are required to file quarterly, currently after each fiscal quarter.<sup>476</sup>

The SEC and other regulators now have almost a decade of experience with analyzing the data collected on Form PF. The collected data has helped FSOC establish a baseline picture of the private fund industry for the use in assessing systemic risk<sup>477</sup> and improved the SEC's oversight of private fund advisers.<sup>478</sup> Form PF data also has enhanced the SEC's and FSOC's ability to frame regulatory policies regarding the private fund industry, its advisers, and the markets in which they participate, as well as more effectively evaluate the outcomes of regulatory policies and programs directed at this sector, including the management of systemic risk and the protection of investors.<sup>479</sup> Additionally, based on the data collected through Form PF filings, regulators have been able to regularly inform the public about ongoing private fund industry statistics and trends by generating quarterly Private Fund Statistics reports<sup>480</sup> and by making publicly available certain results of staff research regarding the characteristics, activities, and risks of private funds.<sup>481</sup> As discussed above, these data may also be used by the CFTC for

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<sup>475</sup> *Id.*

<sup>476</sup> *Id.*; see also *supra* section II.A.3.

<sup>477</sup> See, e.g., OFR, 2021 ANNUAL REPORT TO CONGRESS (Nov. 2021), available at <https://www.financialresearch.gov/annual-reports/files/OFR-Annual-Report-2021.pdf>; FINANCIAL STABILITY OVERSIGHT COUNCIL, 2020 ANNUAL REPORT, available at <https://home.treasury.gov/system/files/261/FSOC2020AnnualReport.pdf>.

<sup>478</sup> See, e.g., SEC 2020 Staff Report, *supra* footnote 473.

<sup>479</sup> See *supra* footnotes 477, 478.

<sup>480</sup> See *supra* footnote 471.

<sup>481</sup> See, e.g., David C. Johnson & Francis A. Martinez, *Form PF Insights on Private Equity Funds and Their Portfolio Companies*, OFR Brief Series No. 18-01 (June 14, 2018), available at <https://www.financialresearch.gov/briefs/2018/06/14/form-pf-insights-on-private-equity-funds/>; Hiltgen Paper, *supra* footnote 470; George Aragon, A. Tolga Ergun, Mila Getmansky & Giulio Girardi, *Hedge Funds: Portfolio, Investor, and Financing Liquidity* (May 17, 2017), available at [https://www.sec.gov/files/dera\\_hf-liquidity.pdf](https://www.sec.gov/files/dera_hf-liquidity.pdf); George Aragon, Tolga Ergun & Giulio Girardi, *Hedge Fund Liquidity Management: Insights for Fund Performance*

the purposes of its regulatory programs, including examinations, investigations and investor protection efforts.<sup>482</sup>

However, this decade of experience with analyzing Form PF data has also highlighted certain limitations of information collected on Form PF, including information gaps and situations where more granular and timely information would improve the SEC's and FSOC's understanding of the private fund industry and the potential systemic risk relating to its activities, and improve regulators' ability to protect investors.<sup>483</sup> For example, as discussed above, when monitoring funds' activities during recent market events like the March 2020 COVID-19 turmoil, the existing aggregation of U.S. Treasury securities with related derivatives did not reflect the role hedge funds played in the U.S. Treasury market.<sup>484</sup> Also during the COVID-19 market turmoil, FSOC sought to evaluate the role hedge funds played in disruptions in the U.S. Treasury market by unwinding cash-futures basis trade positions and taking advantage of the near-arbitrage between cash and futures prices of U.S. Treasury securities. Because the existing requirement regarding turnover reporting on U.S. Treasury securities is highly aggregated, the SEC staff, during retrospective analyses on the March 2020 market events, was unable to obtain a complete picture of activity relating to long treasuries and treasury futures.<sup>485</sup> The need for

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*and Systemic Risk Oversight* (May 2017), available at [https://www.sec.gov/files/dera\\_hf-liquidity-management.pdf](https://www.sec.gov/files/dera_hf-liquidity-management.pdf); Mathias S. Kruttli, Phillip J. Monin & Sumudu W. Watugala, *The Life of the Counterparty: Shock Propagation in Hedge Fund-Prime Broker Credit Networks* (OFR Working Paper No. 19-03, Oct. 2019), available at [https://www.financialresearch.gov/working-papers/files/OFRwp-19-03\\_the-life-of-the-counterparty.pdf](https://www.financialresearch.gov/working-papers/files/OFRwp-19-03_the-life-of-the-counterparty.pdf); Mathias S. Kruttli, Phillip J. Monin, Lubomir Petrasek & Sumudu W. Watugala, *Hedge Fund Treasury Trading and Funding Fragility: Evidence from the COVID-19 Crisis*, Fed. Rsrv. Bd., Fin. and Econ. Discussion Series No. 2021-038 (Apr. 2021), available at <https://www.federalreserve.gov/econres/feds/hedge-fund-treasury-trading-and-funding-fragility-evidence-from-the-covid-19-crisis.htm>; Mathias S. Kruttli, Phillip J. Monin & Sumudu W. Watugala, *Investor Concentration, Flows, and Cash Holdings: Evidence from Hedge Funds*, Fed. Rsrv. Bd., Fin. and Econ. Discussion Series No. 2017-121 (Dec. 15, 2017), available at <https://www.federalreserve.gov/econres/feds/investor-concentration-flows-and-cash-holdings-evidence-from-hedge-funds.htm>.

<sup>482</sup> See *supra* section I.

<sup>483</sup> See *supra* section I.

<sup>484</sup> See *supra* section II.C.2.a.

<sup>485</sup> See *supra* section II.C.2.d. This also includes the SEC's and FSOC's experience analyzing data from multiple regulatory filings. For example, one SEC staff paper has used Form PF data and Form N-MPF data to study rule 2a-7 risk limits and implications of money market reforms. See, e.g., Hiltgen Paper, *supra* footnote 470.

more granular information collected on Form PF is further heightened by the increasing significance of the private fund industry to financial markets, and resulting regulatory concerns regarding potential risks to U.S. financial stability from this sector.<sup>486</sup> The SEC's and FSOC's experiences analyzing Form PF data has also identified certain areas of Form PF where questions result in data received that is redundant to other questions, or instructions that result in unnecessary reporting burden for some advisers.<sup>487</sup>

## 2. Affected Parties

The final rule amends the general instructions and basic information reporting requirements facing all categories of private fund advisers. As discussed above, these include, but are not limited to, advisers to hedge funds, private equity funds, real estate funds, securitized asset funds, liquidity funds, and venture capital funds.<sup>488</sup> The final rule further amends reporting requirements for large hedge fund advisers, including specific revisions for large hedge fund advisers to qualifying hedge funds.<sup>489</sup>

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<sup>486</sup> The private fund industry has experienced significant growth in size and changes in terms of business practices, complexity of fund structures, and investment strategies and exposures in the past decade. *See supra* footnote 5; *see also Financial Stability Oversight Council Update on Review of Asset Management Product and Activities* (2014), available at <https://home.treasury.gov/system/files/261/Financial%20Stability%20Oversight%20Council%20Update%20on%20Review%20of%20Asset%20Management%20Products%20and%20Activities.pdf>.

<sup>487</sup> Based on the analysis in section V.C., the current costs associated with filing Form PF report are estimated to be \$4,815 annually for smaller private fund advisers, \$48,150 per quarterly filing or \$192,600 annually for large hedge fund advisers, \$22,470 per quarterly filing or \$89,880 annually for large liquidity fund advisers, and \$41,730 annually for large private equity fund advisers. A 2018 industry survey of large hedge fund advisers observed filing costs that ranged from 35% to 72% higher than SEC cost estimates. *See* MFA Letter to Chairman Clayton, *supra* footnote 164. However, a 2015 academic survey of SEC-registered investment advisers to private funds affirmed the SEC's cost estimates for smaller private fund advisers' Form PF compliance costs, and observed that the SEC overestimated Form PF compliance costs for larger private fund advisers. *See* Wulf Kaal, *Private Fund Disclosures Under the Dodd-Frank Act*, 9 BROOKLYN J. CORP., FIN., AND COM. L. 428 (2015).

<sup>488</sup> *See supra* section I.

<sup>489</sup> Form PF currently defines "hedge fund" broadly to include any private fund (other than a securitized asset fund) that has any of the following three characteristics: (1) a performance fee or allocation that takes into account unrealized gains, or (2) a high leverage (*i.e.*, the ability to borrow more than half of its net asset value (including committed capital) or have gross notional exposure in excess of twice its net asset value (including committed capital)), or (3) the ability to short sell securities or enter into similar transactions (other than for the purpose of hedging currency exposure or managing duration). Any non-exempt commodity pools about which an investment adviser is reporting or required to report are automatically categorized as hedge funds. Excluded from the "hedge fund" definition in Form PF are vehicles established for the purpose of issuing asset backed securities ("securitized asset funds"). *See* Form PF Glossary of Terms. "Large" hedge fund advisers are those, collectively with their related persons, with at least \$1.5 billion in hedge fund assets under management as of the last day of any month in

Hedge funds, the focus of part of the release, are one of the largest categories of private funds,<sup>490</sup> and as such play an important role in the U.S. financial system due to their ability to mobilize large pools of capital, take economically important positions in a market, and their extensive use of leverage, derivatives, complex structured products, and short selling.<sup>491</sup> While these features may enable hedge funds to generate higher returns as compared to other investment alternatives, the same features may also create spillover effects in the event of losses (whether caused by their investment and derivatives positions or use of leverage or both) that might lead to significant stress or failure not just at the affected fund but also across financial markets.<sup>492</sup>

In the first quarter of 2023, there were 9,846 hedge funds reported on Form PF, managed by 1,856 advisers, with almost \$9.5 trillion in gross assets under management, which represented almost half of gross assets reported by private fund advisers.<sup>493</sup> Currently, hedge fund advisers with between \$150 million and \$2 billion in regulatory assets (that do not qualify as large hedge fund advisers) file Form PF annually, in which they provide general information about funds they advise such as the types of private funds advised, fund size, their use of borrowings and derivatives, strategy, and types of investors. Large hedge fund advisers (those with at least \$1.5 billion in regulatory assets under management attributable to hedge funds)<sup>494</sup> file Form PF quarterly, in which they provide data about each hedge fund they managed during the reporting

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the fiscal quarter immediately preceding the adviser's most recently completed fiscal quarter. Qualifying hedge funds are hedge funds that have a net asset value (individually or in combination with any feeder funds, parallel funds and/or dependent parallel managed accounts) of at least \$500 million as of the last day of any month in the fiscal quarter immediately preceding the adviser's most recently completed fiscal quarter. *See supra* section II.C.

<sup>490</sup> *See infra* footnote 493.

<sup>491</sup> *See, e.g.*, Lloyd Dixon, Noreen Clancy & Krishna B. Kumar, *Hedge Fund and Systemic Risk*, RAND Corp. (2012); John Kambhu, Til Schuermann & Kevin Stiroh, *Hedge Funds, Financial Intermediation, and Systemic Risk*, FED. RSRV. BANK OF NY'S ECON. POLICY REV. (2007).

<sup>492</sup> *See supra* footnotes 477, 486.

<sup>493</sup> In the first quarter of 2023, hedge fund assets accounted for approximately 46.3% of the gross asset value ("GAV") (\$9.5/\$20.5 trillion) and approximately 34.8% of the net asset value ("NAV") (\$4.9/14.0 trillion) of all private funds reported on Form PF. Private Fund Statistics Q1 2023, at 5.

<sup>494</sup> *See supra* footnote 489.

period (irrespective of the size of the fund).<sup>495</sup> Large hedge fund advisers must report more information on Form PF about qualifying hedge funds (those with at least \$500 million as of the last day of any month in the fiscal quarter immediately preceding the adviser's most recently completed fiscal quarter)<sup>496</sup> than other hedge funds they manage during the reporting period. In the first quarter of 2023, there were 2,034 qualifying hedge funds reported on Form PF, managed by 570 advisers, with almost \$8 trillion in gross assets under management, which represented almost 84 percent of the reported hedge fund assets.<sup>497</sup>

Private equity funds are another large category of funds in the private fund industry. In the first quarter of 2023, there were 20,917 private equity funds reported on Form PF, managed by 1,755 advisers, with \$6.6 trillion in gross assets under management, which represented almost one third of the reported gross assets in the private fund industry.<sup>498</sup> Many private equity funds focus on long-term returns by investing in a private, non-publicly traded company or business—the portfolio company—and engage actively in the management and direction of that company or business in order to increase its value.<sup>499</sup> Other private equity funds may specialize in making minority investments in fast-growing companies or startups.<sup>500</sup>

For the remaining categories of funds (real estate funds, securitized asset funds, liquidity funds, venture capital funds, and other private funds), advisers required to file Form PF had, in

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<sup>495</sup> Currently, Instruction 9 requires large hedge fund advisers to update Form PF within 60 days after the end of each fiscal quarter. *See supra* section II.A.3.

<sup>496</sup> *Id.*

<sup>497</sup> In the first quarter of 2023, qualifying hedge fund assets accounted for 84% of the GAV (\$8.0/\$9.5 trillion) and 79% of the NAV (\$3.9/\$4.9 trillion) of all hedge funds reported on Form PF. Private Fund Statistics Q1 2023, at 4-5.

<sup>498</sup> In the first quarter of 2023, private equity assets accounted for 32.4% of the GAV (\$6.6/\$20.5 trillion) and 42.7% of the NAV (\$6.0/\$14.0 trillion) of all private funds reported on Form PF. Private Fund Statistics Q1 2023, at 5.

<sup>499</sup> After purchasing controlling interests in portfolio companies, private equity fund advisers frequently get involved in managing those companies by serving on the company's board; selecting and monitoring the management team; acting as sounding boards for CEOs; and sometimes stepping into management roles themselves. *See, e.g.,* SEC, *Private Equity Funds*, INVESTOR.GOV, available at <https://www.investor.gov/introduction-investing/investing-basics/investment-products/private-investment-funds/private-equity>.

<sup>500</sup> *Id.*

the first quarter of 2023, investment discretion over almost \$4.4 trillion in gross assets under management.<sup>501</sup> These assets were managed by 1,709 fund advisers managing 16,668 funds.<sup>502</sup>

Private funds are typically limited to accredited investors and qualified clients such as pension funds, insurance companies, foundations and endowments, and high income and net worth individuals.<sup>503</sup> Private funds that rely on the exclusion from the definition of “investment company” provided in section 3(c)(7) of the Investment Company Act are limited to investors that are also qualified purchasers (as defined in section 2(a)(51) of the Investment Company Act). Retail U.S. investors with exposure to private funds are typically invested in private funds indirectly through public and private pension plans and other institutional investors.<sup>504</sup> In the first quarter of 2023, public pension plans had \$1,905 billion invested in reporting private funds while private pension plans had \$1,302 billion invested in reporting private funds, making up 13.6 percent and 9.3 percent of the overall beneficial ownership in the private fund industry, respectively.<sup>505</sup> Private fund advisers have also sought to be included in individual investors’ retirement plans, including their 401(k)s.<sup>506</sup>

## **C. Benefits, Costs, and Effects on Efficiency, Competition, and Capital Formation**

### **1. Benefits**

The final amendments are designed to facilitate two primary goals the SEC sought to achieve with reporting on Form PF as articulated in the original adopting release, namely: (1) facilitating FSOC’s understanding and monitoring of potential systemic risk relating to activities

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<sup>501</sup> Private Fund Statistics Q1 2023, at 5.

<sup>502</sup> Private Fund Statistics Q1 2023, at 4.

<sup>503</sup> See, e.g., Private Equity Funds, *supra* footnote 499; SEC, *Hedge Funds*, INVESTOR.GOV, available at <https://www.investor.gov/introduction-investing/investing-basics/investment-products/private-investment-funds/hedge-funds>.

<sup>504</sup> See *supra* footnote 503.

<sup>505</sup> Private Fund Statistics Q1 2023, at 15.

<sup>506</sup> See, e.g., Dep’t of Labor, Information Letter (June 3, 2020), available at <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/information-letters/06-03-2020>.

in the private fund industry and assisting FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies; and (2) enhancing the SEC's abilities to evaluate and develop regulatory policies and improving the efficiency and effectiveness of the SEC's efforts to protect investors and maintain fair, orderly, and efficient markets.<sup>507</sup>

The SEC believes the final amendments will accomplish these goals in three key ways, each discussed in detail in the following sections. First, the final amendments will provide solutions to potential reporting errors and issues of data quality when analyzing Form PF filings across advisers and when analyzing multiple different regulatory filings. Higher quality data across different funds and across different regulatory filings can allow the SEC and FSOC to develop an understanding of one set of advisers and apply it to other advisers more rapidly, or apply lessons from one financial market to other financial markets. This can help the SEC and FSOC develop more effective regulatory responses and oversight, and help the SEC protect investors by identifying areas in need of outreach, examinations, and investigations in response to potential systemic risks, conflicting arrangements between advisers and investors, and other sources of investor harm.

Second, the final amendments will help Form PF more completely and accurately capture information relevant to ongoing trends in the private fund industry in terms of ownership, size, investment strategies, and exposures. This can improve the SEC's and FSOC's understanding of new developing systemic risks and potential conflicting arrangements, thereby further aiding in the development of regulatory responses, and also aiding the SEC in efforts to protect investors by identifying areas in need of outreach, examinations, and investigations.

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<sup>507</sup> See *supra* section I. While the final amendments are also designed to improve the usefulness of this data for the CFTC, this economic analysis does not include the benefits associated with enhancements to the CFTC's use of reporting on Form PF.

Third, the final amendments will take certain steps to streamline certain reporting and reduce certain reporting burdens without compromising investor protection efforts and systemic risk analysis. This will improve the efficiency and effectiveness of the SEC's efforts to protect investors and maintain fair, orderly and efficient markets.

The SEC anticipates that the increased ability for the SEC's and FSOC's oversight, resulting from the final amendments, might promote better functioning and more stable financial markets, which may lead to efficiency improvements. The SEC does not anticipate significant benefits on competition in the private fund industry from the final amendments because the reported information generally will be nonpublic and similar types of advisers will have comparable burdens under the amended Form. For similar reasons, the SEC does not anticipate significant effects of the amendments on capital formation.

Several of these amendments have been revised relative to the proposal. The revisions include changes to instructions for purposes of clarification, revising framing or explanation of questions where commenters made suggestions to improve data quality, revising instructions to avoid duplicative reporting or to otherwise ease burden, or forgoing adopting certain amendments entirely. We include in the discussion in this section how the benefits are impacted by changes made in response to commenters. In general, revisions either (1) enhance the benefits or (2) may reduce the benefits but substantially reduce the costs.<sup>508</sup>

The final amendments revise the general instructions (as well as implement additional amendments), section 1 (requiring basic information about advisers and the private funds they advise), and section 2 (requiring information about hedge funds advised by large private fund advisers) of Form PF. The benefits associated with each of these specific elements are discussed in greater detail below.

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<sup>508</sup> We discuss the impacts on costs below. *See infra* section IV.C.2.

**a. Amendments to General Instructions, Amendments to Enhance Data Quality, and Additional Amendments**

The amendments update the Form PF general instructions to revise how all private fund advisers satisfy certain requirements on Form PF, issue a series of amendments to enhance data quality, and issue a series of additional amendments.<sup>509</sup> There are five categories of these amendments.

First, the amendments revise the general instructions for reporting of master-feeder arrangements and parallel fund structures.<sup>510</sup> These revisions to the general instructions will improve consistency of reporting associated with measuring private fund interconnectedness and investment in other private funds by revising instructions for reporting of ownership structures and revising instructions that are currently ambiguous and result in reporting errors and issues of data quality across advisers. For example, as discussed above, Form PF currently provides advisers with flexibility to respond to questions regarding master-feeder arrangements, parallel fund structures either in the aggregate or separately, as long as they do so consistently throughout Form PF. The revised instructions will specify how to respond to these questions to prevent some advisers from responding in the aggregate and some advisers from responding separately.<sup>511</sup> The

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<sup>509</sup> See *supra* sections II.A, II.D, II.E.

<sup>510</sup> See *supra* section II.A.1. However, an adviser will continue to aggregate these structures for purposes of determining whether the adviser meets a reporting threshold.

<sup>511</sup> Similar benefits will be obtained from revisions to Instruction 7, which requires advisers to include the value of investments in other private funds when determining whether the adviser meets the thresholds for reporting as a large hedge fund adviser, large liquidity fund adviser, or large private equity fund adviser, and whether a private fund is a qualifying hedge fund; and generally requires an adviser to include the value of a reporting fund's investments in other private funds when responding to questions on Form PF. Other revisions could also provide benefits associated with consistency of reporting by revising instructions to avoid error across filers, including amending instructions to provide that advisers must not "look through" its investments in other private funds when responding to questions and adding an instruction when "looking through" cannot be avoided; providing general instructions to explain how advisers will report information if the reporting fund uses a trading vehicle; and amending instructions to indicate that advisers must not "look through" a reporting fund's investments in funds or other entities that are not private funds, or trading vehicles. See *supra* section II.A.2. Similar benefits will also be obtained from the amendments updating instructions to provide conformity with CFTC's amendments to Form CPO-PQR, including those that specify when advisers that are also CPOs should complete particular sections of Form PF. See *supra* section II.E; see also Revised Instruction 18.

revised instructions will also require reporting on the total value of parallel managed accounts.<sup>512</sup>

The SEC anticipates these improved data will assist the SEC and FSOC in assessing potential risks to financial stability resulting from increasingly complex ownership and investment structures of private funds. While master-feeder arrangements, parallel fund structures, and use of funds of funds all allow private funds to benefit from larger pools of capital, diversify risk, and enjoy shared returns,<sup>513</sup> these same features have inherent risks of spillovers in losses, as losses in a master fund or underlying investment of a fund of funds cause losses in connected funds as well. Complex ownership structures may also create conflicts of interest when the same individuals serve as directors on boards of both master and feeder funds under a single owner,<sup>514</sup> and may also mask instances of fraud and a private fund's methods for committing fraud.<sup>515</sup> Investor protection efforts will therefore benefit from more consistent data providing connections from master funds to feeder funds and other ownership information.

While some commenters supported the proposed amendments on this topic,<sup>516</sup> other commenters opposed the proposed amendments as of limited benefit to the Commissions and/or FSOC.<sup>517</sup> For example, as discussed above, disaggregated data of these structures will provide the Commissions and FSOC with increased transparency into risk profiles and complex fund structures, which will improve our ability to monitor systemic risk and protect investors.<sup>518</sup> We also disagree that disaggregated reporting of master-feeder funds and parallel fund structures will

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<sup>512</sup> See *supra* section II.A.1.

<sup>513</sup> See, e.g., Robert Harris, Tim Jenkinson, Steven Kaplan & Ruediger Stucke, *Financial Intermediation in Private Equity: How Well Do Funds of Funds Perform?*, 129 J. FIN. ECON. 2, 287-305 (Aug. 2018).

<sup>514</sup> See, e.g., Todd Ehret, *Platinum Fraud Charges Shine Light On Cayman Director Responsibilities*, REUTERS FIN. REG. FORUM (Mar. 30, 2017), available at <https://www.reuters.com/article/bc-finreg-cayman-private-structure/platinum-fraud-charges-shine-light-on-cayman-director-responsibilities-idUSKBN17030J>.

<sup>515</sup> See, e.g., Melvyn Teo, *Lessons Learned from Hedge Fund Fraud*, EUREKA HEDGE (Oct. 2009), available at <https://www.eurekahedge.com/Research/News/506/Lessons-Learned-From-Hedge-Fund-Fraud>.

<sup>516</sup> See *supra* section II.A.1; see also AFREF Comment Letter I; Better Markets Comment Letter.

<sup>517</sup> See *supra* section II.A.1; see also AIC Comment Letter I; AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>518</sup> See *supra* section II.A.1.

be of limited value based on our experience with Form PF, which currently obscures our understanding of their fund structures and the risk exposure of their component funds.<sup>519</sup> We also believe that the disaggregated reporting will allow for a clearer understanding of a fund's structure.<sup>520</sup>

Commenters also stated that disaggregated data would provide misleading information by reporting data in isolation as opposed to as part of an overall fund or investment program.<sup>521</sup> We disagree, and think that disaggregated data will not be misleading to the Commissions or FSOC in comparison to aggregated data because the Commissions and FSOC could, if necessary, aggregate the data to understand the overall fund.<sup>522</sup> Similarly, as another example, data regarding the total value of parallel managed accounts, however, will allow FSOC to take into account the greater amount of assets an adviser may be managing using a given strategy for purposes of analyzing the data reported on Form PF for systemic risk purposes.<sup>523</sup>

Certain changes made in response to commenters' concerns will also enhance these benefits relative to the proposal. For example, by modifying the instructions for how a feeder fund determines its reporting category to specify that the feeder fund should exclude any of its holdings in the master fund's equity when calculating its total asset value for the purpose of determining its reporting category, the amendments will avoid double counting of reported assets, given that data for the master fund will be separately reported on Form PF.<sup>524</sup>

Second, the amendments revise the general instructions for reporting for private funds that invest in other funds or trading vehicles.<sup>525</sup> Specifically, the amendments revise Instruction

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<sup>519</sup> *Id.*

<sup>520</sup> *Id.*

<sup>521</sup> *See, e.g.*, MFA Comment Letter II; USCC Comment Letter.

<sup>522</sup> *See supra* section II.A.1.

<sup>523</sup> *Id.*

<sup>524</sup> *Id.*

<sup>525</sup> These final amendments will include requiring advisers to include the value of investments in other private funds in determining whether the adviser is required to file Form PF and when determining whether the adviser

7 and 8 to require advisers to include information pertaining to their trading vehicles when completing Form PF.<sup>526</sup> Because private funds may use trading vehicles for a wide variety of purposes, more complete and accurate visibility into asset class exposures, position sizes, and counterparty exposures relied on by trading vehicles can enhance the SEC's and FSOC's systemic risk and financial stability assessment efforts and the SEC's efforts to protect investors by identifying areas in need of outreach, examination, or investigation.

Certain changes made in response to commenters' concerns will also enhance these benefits relative to the proposal. For example, one commenter stated that allowing an adviser to determine whether to include or exclude a reporting fund's investment in other private funds could result in distortions in the data collected on Form PF.<sup>527</sup> By modifying the instructions to provide specific instructions, such distortion can be avoided, which will improve data quality.<sup>528</sup>

As another example, commenters opposed proposed amendments that would have permitted an adviser to select whether to report a wholly owned trading vehicle on either a consolidated or disaggregated basis and would have required advisers to report a partially owned trading vehicle on a disaggregated basis.<sup>529</sup> These commenters questioned the benefits of these proposed amendments, for example stating that separate reporting for trading vehicles is not necessary because trading vehicles are often used for administrative purposes, such as for tax or efficiency purposes, but are managed on a consolidated basis and regarded as a single entity for

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meets the thresholds for reporting as a large hedge fund adviser, large liquidity fund adviser, or large private equity fund adviser, and whether a private fund is a qualifying hedge fund; generally requiring an adviser to include the value of a reporting fund's investments in other private funds when responding to questions on Form PF; provide that generally advisers must not "look through" its investments in other private funds (other than a trading vehicle) when responding to questions and adding an instruction to provide that advisers must provide an explanation if "looking through" cannot be avoided; amending the general instructions to explain how advisers will report information if the reporting fund uses a trading vehicle; requiring advisers to report all trading vehicles, whether wholly owned or partially owned, on a consolidated bases; and amending instructions to indicate that advisers must not "look through" a reporting fund's investments in funds or other entities that are not private funds or trading vehicles. *See supra* section II.A.2.

<sup>526</sup> *See supra* section II.A.2.

<sup>527</sup> *See supra* section II.A.2.

<sup>528</sup> *Id.*

<sup>529</sup> *Id.*

investment purposes.<sup>530</sup> By instead requiring advisers to report all trading vehicles, whether wholly owned or partially owned, on a consolidated basis, and by specific questions relating to a reporting fund's trading vehicle use and a trading vehicle's position size and risk exposure, we will improve data comparability and allow us to better understand the holdings and exposures of the fund structure for our assessments of potential systemic risk.

Third, the amendments will revise the general instructions for reporting timelines by revising Instruction 9 to require large hedge fund advisers and large liquidity fund advisers to update Form PF within a certain number of days after the end of each calendar quarter, rather than each fiscal quarter, as Form PF currently requires.<sup>531</sup> The SEC anticipates that these amendments will improve the consistency of reporting across different private fund advisers, across quarterly and annual filings, and across different regulatory forms,<sup>532</sup> which may improve the ability of regulators to analyze filing data across fund advisers and across different regulatory forms by resolving reporting errors and issues of data quality. These data analyses are important contributors to the SEC's and FSOC's efforts to assess systemic risk and develop a complete picture of private fund markets. The SEC anticipates that these improved reporting alignments may enhance the SEC's and FSOC's abilities to assess potential risks presented by private funds.<sup>533</sup> For example, as discussed above, academic research has used Form PF data and Form N-MPF data to study rule 2a-7 risk limits and implications of money market reforms.<sup>534</sup>

Standardizing data across regulatory filings can lead to further industry insights from combined

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<sup>530</sup> *Id.*; see also, e.g., MFA Comment Letter II; Schulte Comment Letter.

<sup>531</sup> *See supra* section II.A.3.

<sup>532</sup> *Id.*

<sup>533</sup> While the amendments to general instructions associated with reporting timelines will primarily offer economic benefits associated with improvement in data quality and resolutions to data gaps, the amendments to reporting timelines will also provide a potential improvement to regulators' ability to evaluate markets for investor protection efforts and systemic risk assessment, in that they accelerate the provision of data from quarterly reporting. *See supra* section II.A.3. Moreover, as the amendments will make reporting timelines more consistent, there could be reduced costs associated with regulatory filings, as private fund advisers reduce their need to track differentiated calendar quarter and fiscal quarter data.

<sup>534</sup> *See supra* section IV.B.1.

regulatory filing data, and these industry insights may improve systemic risk assessment and regulator investor protection efforts. However, as discussed above, because almost all large hedge fund advisers and large liquidity fund advisers already effectively file on a calendar quarter basis because their fiscal quarter ends on the calendar quarter, the SEC anticipates that these benefits will be marginal.<sup>535</sup>

Fourth, the amendments issue a series of revisions that impact several sections of Form PF, which will broadly enhance data quality, for example by potentially resolving reporting errors. These amendments will specify that reported percentages be rounded to the nearest one hundredth of one percent, provide consistent instruction for reporting of investment and counterparty exposures, provide consistent instruction on the reporting of long and short positions, and provide consistent instruction for reporting of derivative values.<sup>536</sup> The resulting improved data quality will improve the ability of the SEC and FSOC to evaluate market risk and measure industry trends, thereby increasing the efficiency with which regulatory responses are developed, improving systemic risk assessment and regulator programs to protect investors.

We did not receive specific comments on certain of these proposed amendments, such as the amended instructions to specify how private fund advisers determine the value of investment positions (including derivatives) and counterparty exposures.<sup>537</sup> Some commenters expressed support for the amendments to require advisers to report their long and short holdings on a

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<sup>535</sup> See *supra* section II.A.3. Specifically, and as discussed above, based on staff analysis of Form ADV data as of Dec. 2021, 99.2% of private fund advisers already effectively file on a calendar basis because their fiscal quarter or year ends on the calendar quarter or year end, respectively. The 0.8% of private fund advisers that have a non-calendar fiscal approach represents approximately 274 private funds, totaling \$200 billion in gross asset value. See *supra* section II.A.3.

<sup>536</sup> See *supra* section II.D.

<sup>537</sup> *Id.*

disaggregated basis,<sup>538</sup> and other commenters opposed the requirements for more detailed disclosures of holdings.<sup>539</sup>

Certain changes made in response to commenters will enhance the benefits of these amendments. For example, one commenter stated that the definition of “10-year bond equivalent” specifies the expression of the value in the fund’s base currency.<sup>540</sup> By revising the “10-year bond equivalent” definition to reference U.S. dollars, rather than the fund’s base currency, resulting metrics will be reported in a common currency, which will enhance data quality and comparability purposes.<sup>541</sup>

Lastly, the amendments issue a series of additional revisions that will amend instructions related to temporary hardship exemptions, provide conformity with the CFTC’s amendments to Form CPO-PQR (including those that specify when advisers that are also CPOs should complete particular sections of Form PF), and revise definitions of the terms EEA and G10 within Form PF.<sup>542</sup> The additional amendments updating instructions to the temporary hardship exemption to Form PF, by way of an amendment to 17 CFR 275.204(b)-1(f) under the Advisers Act, will make it easier to submit a temporary hardship exemption and will assist advisers in determining what constitutes a “filed” temporary hardship exemption.<sup>543</sup> These amendments may facilitate more successful submissions of temporary hardship exemptions by private fund advisers who require one, and may thereby benefit those advisers, and by extension their investors, by reducing costs. Similarly, by providing conformity with the CFTC’s amendments to Form CPO-PQR, including those that specify when advisers that are also CPOs should complete particular

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<sup>538</sup> *Id.*

<sup>539</sup> *See, e.g.,* AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter. *See supra* section II.C.2.a.

<sup>540</sup> *Id.*; *see also* AIMA/ACC Comment Letter.

<sup>541</sup> *See supra* section II.D.

<sup>542</sup> *See supra* section II.E, Revised Instruction 18.

<sup>543</sup> *See supra* section II.E.

sections of Form PF, and revising definitions associated with the terms EEA and G10, the amendments may reduce confusion for advisers filing Form PF, thereby reducing the burden of filing.<sup>544</sup> We did not receive comments on this aspect of the proposed changes.<sup>545</sup>

**b. Amendments to Basic Information about the Adviser and the Private Funds It Advises**

The amendments to section 1, which requires all private fund advisers to report information about the adviser and the private funds they manage, include revisions to section 1a (concerning basic identifying information),<sup>546</sup> revisions to section 1b (concerning all of a private fund adviser's private funds),<sup>547</sup> and revisions to section 1c (more specifically concerning all of a private fund adviser's hedge funds).<sup>548</sup> The changes will provide greater insight into all private funds' operations and strategies, and will further assist in assessing industry trends. This section discusses how the SEC believes the changes will thereby enhance the SEC's and FSOC's systemic risk assessment efforts and the SEC's efforts to protect investors by identifying areas in need of outreach, examination, or investigation. This will be accomplished in four key ways.

First, the changes will provide more prescriptive requirements to improve comparability across advisers and reduce reporting errors and issues of data quality by aligning data across filers and across regulatory filings, based on our experience with the form. This greater alignment is designed to improve the efficiency with which the SEC and FSOC evaluate market risk and measure industry trends, thereby increasing the efficiency with which regulatory responses are developed, improving systemic risk assessment and regulator programs to protect investors. For example, revisions to section 1a (relating to adviser reporting of identifying

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<sup>544</sup> See *supra* section II.E, Revised Instruction 18.

<sup>545</sup> See *supra* section II.E.

<sup>546</sup> See *supra* section II.B.1.

<sup>547</sup> See *supra* section II.B.2.

<sup>548</sup> See *supra* section II.B.3.

information for all private funds they advise) will revise instructions on the use of LEIs and RSSD IDs for advisers and related persons, and might help link data more efficiently between Form PF and other regulatory filings that use these universal identifiers.<sup>549</sup> Several revisions to section 1b (relating to adviser reporting of basic information for all private funds they advise) will modify instructions and might prevent advisers from inadvertently reporting different fund types on different regulatory filings (or, when different reporting on two different forms is appropriate, the revised instructions are designed to solicit the reason for differentiated reporting), facilitating more robust data analyses that use combined data from multiple regulatory forms.<sup>550</sup> Revisions to section 1c will require advisers to indicate which investment strategies best describe the reporting fund's strategies on the last day of the reporting period, addressing any ambiguity about how to report information if the reporting fund changes strategies over time.<sup>551</sup> The SEC believes these revisions to section 1, and others,<sup>552</sup> will improve the accuracy and reliability of Form PF data, thereby potentially improving the SEC's and FSOC's efforts to assess developing systemic risks and FSOC's efforts to assess broader financial instability, as well as potentially improving the SEC's efforts to protect investors by identifying areas in need of outreach, examination, or investigation.

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<sup>549</sup> See *supra* section II.B.1. For example, the reporting of a fund's and its adviser's LEI is consistent with the way fund relationships are reported in the Global LEI system. See, e.g., LEI ROC, *Policy on Fund Relationships and Guidelines for the Registration of Investment Funds in the Global LEI System* (May 20, 2019), available at [https://www.leiroc.org/publications/gls/roc\\_20190520-1.pdf](https://www.leiroc.org/publications/gls/roc_20190520-1.pdf).

<sup>550</sup> See *supra* section II.B.2. For example, the Division of Investment Management relies on Form PF and Form ADV filings in providing quarterly summaries of private fund industry statistics and trends. See, e.g., SEC, Division of Investment Management, *Private Fund Statistics* (Aug. 21, 2021), available at <https://www.sec.gov/divisions/investment/private-funds-statistics.shtml>.

<sup>551</sup> See *supra* section II.B.3.

<sup>552</sup> Other revisions that will provide this benefit include revising reporting of regulatory versus net assets under management; reporting of assumptions the adviser makes in responding to questions on Form PF; reporting of types of fund; reporting of master-feeder arrangements, internal/external private funds, and parallel fund structures; reporting of monthly gross and net asset values; reporting of the value of unfunded commitments; reporting on the value of borrowing activity; reporting of fair value hierarchy; reporting of beneficial ownership; reporting of fund performance; more granular reporting of hedge fund strategies; more granular reporting of hedge fund counterparty exposures including identification of counterparties representing a fund's greatest exposure; and more granular reporting of hedge fund trading and clearing mechanisms. See *supra* section II.B.

While commenters who criticized these changes generally emphasized the costs of the changes, along with the overall costs of the amendments,<sup>553</sup> certain commenters also questioned the benefits. For example, one commenter opposed including more granular strategy categories stating that some proposed categories are not clear and may require advisers to make subjective decisions on how to report a fund’s strategy that could result in inconsistent reporting.<sup>554</sup> While certain advisers may have to make certain subjective decisions, the amended strategy categories conform more closely to industry conventions than the current categories and will allow advisers to more accurately categorize their strategies. Any remaining ambiguity in these strategy categories will only mitigate the benefits of the resulting reporting, not eliminate the benefits.

Certain other commenters agreed with the benefits of certain proposed provisions. For example, one commenter supported an expanded use of LEI as a legal identifier in Form PF and stated that more comprehensive inclusion of LEI would create a more complete identification scheme for the Commissions.<sup>555</sup> Still other commenters suggested further revisions, and certain changes made in response to those commenters will enhance these benefits. For example, some commenters stated that proposed questions on withdrawal and redemption rights did not address how to report a fund with multiple types of redemption rights.<sup>556</sup> In response, we are modifying the question to ask for the interval on which withdrawals or redemptions are “most commonly” permitted (*i.e.*, with respect to most investors). We also encourage an adviser to report any additional details on a fund’s withdrawal or redemption schedule in response to Question 4, as appropriate. This will likely improve comparability across advisers and reduce reporting errors and issues of data quality. Still other amendments did not receive specific comments, such as the

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<sup>553</sup> See *infra* section IV.C.2.

<sup>554</sup> See *supra* section II.B.3; see also MFA Comment Letter II.

<sup>555</sup> See *supra* section II.B.1; see also GLEIF Comment Letter.

<sup>556</sup> See *supra* section II.B.2; see also, *e.g.*, MFA Comment Letter II; SIFMA Comment Letter.

amendment requiring an adviser to identify the fund type for a reporting fund as “other” and explaining why the fund does not qualify for any of the other options.<sup>557</sup>

Second, the amendments will expand the data collected by the forms, thereby facilitating the Commissions and FSOC to assess newly emerging areas of potential systemic risk. These expanded areas of reporting broadly capture key trends in (i) private fund advisers’ ownership structures, and (ii) private fund advisers’ investment and trading strategies, including increasing exposures to new asset classes, changing exposures across different categories of counterparties, and increasing use of financial tools for increasing fund performance.

With respect to updated reporting on ownership structures, as discussed above, interconnected ownership structures have inherent risks of spillovers in losses, as losses in a master fund or underlying investment of a fund of funds cause losses in connected funds as well, and so the enhanced data on detailed ownership structures from the final amendments are designed to improve systemic risk assessment efforts.<sup>558</sup> Improved data will also contribute to efforts to protect investors from conflicts of interest and other sources of potential harm.<sup>559</sup> The types of enhancements to Form PF’s data on interconnected ownership structures include, for example, requiring advisers to provide LEIs for themselves and any of their related persons, such as reporting funds and parallel funds,<sup>560</sup> and expanding the required reporting detail on the value of the reporting fund’s investments in funds of funds.<sup>561</sup> Similar to the amendments to general instructions, the SEC believes that these revisions will improve measurement of these complex ownership structures. The SEC believes this will potentially improve the SEC’s and FSOC’s efforts to assess developing systemic risks and FSOC’s efforts to assess broader financial

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<sup>557</sup> See *supra* section II.B.2.

<sup>558</sup> See *supra* section IV.C.1.a.

<sup>559</sup> *Id.*

<sup>560</sup> See *supra* section II.B.1.

<sup>561</sup> See *supra* section II.B.2.

instability, as well as potentially improve the SEC's efforts to protect investors from conflicting arrangements and identify other areas in need of outreach, examination, or investigation.<sup>562</sup>

Many revisions will also keep Form PF filings up to date with key developing trends among private fund advisers' investing and trading practices. These revisions will improve consistency of reporting of modern private fund issues across fund advisers, provide more complete and accurate information on developing trends, and improve the SEC's and FSOC's abilities to effectively and efficiently assess new systemic risks and other potential sources of investor harm, as well as inform the SEC's and FSOC's broader views on the private fund landscape.

For example, in Form PF section 1c, the amendments will require hedge funds to report whether their investment strategy includes digital assets,<sup>563</sup> which are a growing and increasingly important area of hedge fund strategy.<sup>564</sup> The amendments will therefore help the SEC and FSOC to assess new sources of potential systemic risk and develop regulatory responses, and will further allow the SEC to analyze new areas of potential investor harm to determine any necessary outreach, examination, or investigation.

As another example, the amendments will introduce several questions on counterparty exposures, corresponding to both CCP exposures and bilateral counterparty (*i.e.*, non-CCP) exposures. These additions to Form PF include requiring advisers to report hedge fund borrowing, lending, and collateral with respect to transactions involving both their bilateral

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<sup>562</sup> See *supra* section IV.C.1.a.

<sup>563</sup> See *supra* section II.B.3.

<sup>564</sup> See, e.g., AIMA, PWC & ELWOOD ASSET MANAGEMENT, ANNUAL GLOBAL CRYPTO HEDGE FUND REPORT (2023), available at <https://www.pwc.com/gx/en/news-room/press-releases/2023/pwc-2023-global-crypto-hedge-fund-report.html> (concluding that almost a third of traditional hedge funds were investing in such assets in 2023, with average allocations of 7%, representing increases relative to 2021); AIMA, PWC & ELWOOD ASSET MANAGEMENT, 3<sup>RD</sup> ANNUAL GLOBAL CRYPTO HEDGE FUND REPORT (2021), available at <https://www.aima.org/educate/aima-research/third-annual-global-crypto-hedge-fund-report-2021.html> (concluding that approximately a fifth of hedge funds were investing in such assets in 2021, with on average 3% of their total hedge fund assets under management invested, and 86% of those hedge funds intended to deploy more capital into this asset class by the end of 2021); see also *supra* section II.B.3.

counterparties and CCPs, requiring reporting of hedge fund derivative and repo activity that was cleared by a CCP (as well as activity not cleared by a CCP), and instructing advisers on what exposures to net.<sup>565</sup> There are two economic considerations associated with counterparty exposure reporting on Form PF. First, bilateral exposures and CCP exposures have different risk profiles, with CCPs offering risk reduction mechanisms and other economic benefits by netting trading across counterparties and across different assets within an asset class or by centralizing clearance and settlement activities.<sup>566</sup> The final amendments are designed to help Form PF provide insight into relative trends in bilateral trading versus central counterparty trading and resulting systemic risks from counterparty exposures. Second, while CCPs reduce the systemic risk associated with the failure of any single hedge fund or other private fund, the failure of a large CCP itself could potentially represent a substantial systemic risk event in the future.<sup>567</sup> While a systemic risk event such as the failure of a CCP has never occurred in the United States, CCPs in other countries have failed,<sup>568</sup> and the final amendments are designed to help Form PF provide new insights into the potential for such systemic risk events in the future. FSOC has also designated many CCP institutions as “systemically important,”<sup>569</sup> and recommends that regulators continue to coordinate to evaluate threats from both default and non-default losses associated with CCPs.<sup>570</sup>

As a final example, we are adopting amendments that require advisers to report additional performance-related information if the adviser calculates a market value on a daily basis for any

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<sup>565</sup> See *supra* section II.B.3.

<sup>566</sup> Siro Aramonte & Wenqian Huang, *Costs and Benefits of Switching to Central Clearing*, BIS Q. REV. (Dec. 2019), available at [https://www.bis.org/publ/qtrpdf/r\\_qt1912z.htm](https://www.bis.org/publ/qtrpdf/r_qt1912z.htm); Albert J. Menkveld & Guillaume Vuillemeij, *The Economics of Central Clearing*, 13 ANN. REV. FIN. ECON. 153 (2021).

<sup>567</sup> *Id.*

<sup>568</sup> For example, the Hong Kong Futures Guarantee Corporation failed during the stock market crash of 1987. See Menkveld & Vuillemeij, *supra* footnote 566.

<sup>569</sup> FIN. STABILITY OVERSIGHT COUNCIL, 2012 ANNUAL REP., Appendix A, available at <https://home.treasury.gov/system/files/261/2012-Annual-Report.pdf>.

<sup>570</sup> *Id.* at 14.

position in the reporting fund's portfolio.<sup>571</sup> These include, among other items, the reporting fund's volatility of the natural log of the daily "rate of return" for each month of the reporting period.<sup>572</sup> Investors will benefit from systemic risk assessment efforts and investor protection efforts facilitated by these reporting items. For example, allowing the Commission and FSOC to compare volatility across different fund types to identify market trends (*e.g.*, volatility of a specific fund type) will help the Commission and FSOC verify which strategies are the most volatile and therefore pose the greatest default risk to bank and broker/dealer counterparties. Comparing volatility data on Form PF and risk metric data on Form PF, such as VaR (Value-at-Risk) data, will also help the Commission to detect misleading uses of risk metrics by funds in disclosures to investors.

The SEC therefore believes these revisions, and others like them,<sup>573</sup> will help the SEC and FSOC better understand the modern landscape of the private fund industry, thereby potentially improving the SEC's and FSOC's efforts to assess developing systemic risks and FSOC's efforts to assess broader financial instability, as well as potentially improving the SEC's efforts to protect investors by identifying areas in need of outreach, examination, or investigation.

Some commenters questioned the benefits of these types of amendments. For example, some commenters stated that disclosure of counterparty exposures is of limited value.<sup>574</sup> However, we continue to believe that this additional information is important to understanding counterparty risk exposure, and counterparty risk exposures represent substantial sources of

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<sup>571</sup> See *supra* section II.B.2.

<sup>572</sup> *Id.*

<sup>573</sup> Other revisions that will provide this benefit include the reporting of withdrawal and redemption rights; reporting of other inflows and outflows; more granular reporting of hedge fund strategies; more granular reporting of hedge fund counterparty exposures including identification of counterparties representing a fund's greatest exposure; and more granular reporting of hedge fund trading and clearing mechanisms. See *supra* section II.B.

<sup>574</sup> See *supra* section II.B.3; see also, *e.g.*, AIMA/ACC Comment Letter.

systemic risk.<sup>575</sup> Certain others of these proposed amendments did not receive significant comment on their proposed benefits. For example, the amendments requiring additional performance-related information if the adviser calculates market value did not receive significant comment. One commenter recommended requiring volatility measurements over longer periods, such as quarterly or annually, stating that requiring daily measurements would result in a smaller population size and less meaningful information.<sup>576</sup> As discussed above, higher frequency volatility information is important because significant volatility swings that occur over a short timeframe may not be discernible from quarterly or annual data but can pose systemic risk.<sup>577</sup> Further, receiving higher frequency volatility data will give more context to a fund's reported monthly returns and will allow us to assess risk-adjusted returns.<sup>578</sup> In still other cases, the benefits from the final amendments will be enhanced by changes made in response to commenters. For example, one commenter recommended, for reporting of certain drawdown metrics associated with days with a negative daily rate of return, changing reporting of amount in base currency to percent in base currency, and the final amendments implement this change to be more reflective of industry practice, and in turn improve data quality.<sup>579</sup>

Third, there are revisions that will expand the scope of certain questions from only covering qualifying hedge funds advised by large hedge fund advisers to covering all hedge funds advised by any private fund adviser. By expanding the universe of private funds that are covered by several questions, the amendments will enhance the SEC's and FSOC's ability to conduct broad, representative measurements regarding the private fund industry. For example, the amendments will require all advisers to indicate whether the reporting fund is an open-end

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<sup>575</sup> See *supra* footnotes 565 through 570 and accompanying text.

<sup>576</sup> See *supra* section II.B.2; see also CFA Institute Comment Letter.

<sup>577</sup> See *supra* section II.B.2.

<sup>578</sup> *Id.*

<sup>579</sup> *Id.*; see also CFA Institute Comment Letter.

private fund in Question 10(a) or a closed-end private fund in Question 10(b).<sup>580</sup> Because the activities of private fund advisers may differ significantly depending on their size, this enhanced coverage will potentially enhance regulators' abilities to obtain a representative picture of the private fund industry and lead to more robust conclusions regarding emerging industry trends and characteristics. The SEC believes these amendments, and others,<sup>581</sup> will enhance regulators' picture of the private fund industry, thereby potentially improving the SEC's and FSOC's efforts to assess developing systemic risks and FSOC's efforts to assess broader financial instability, as well as potentially improving the SEC's efforts to protect investors by identifying areas in need of outreach, examination, or investigation.

Some commenters questioned these benefits. For example, one commenter asserted that the data would be of limited benefit for systemic risk monitoring because of the inclusion of data from smaller funds.<sup>582</sup> However, we continue to believe that a private fund of any size that provides for withdrawal or redemption rights may be affected by increased investor withdrawals during certain market events and/or vulnerable to failure as a result of investor redemptions, and so the additional data will be relevant for assessing broader systemic risk, for example by allowing the Commissions and FSOC to assess the prevalence of the exercise of withdrawal and redemption rights to identify potential patterns among affected funds that may signal stress at a particular fund or across many funds.<sup>583</sup> Information on withdrawal and redemption rights from all private funds, including smaller private funds or funds that are not included in the definition of a "hedge fund," will improve FSOC's ability to monitor potential systemic risk and support the Commissions' investor protection efforts.

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<sup>580</sup> See *supra* section II.B.2.

<sup>581</sup> The revisions to reporting of base currency will provide similar benefits. See *supra* section II.B.

<sup>582</sup> See *supra* section II.B.2; see also Schulte Comment Letter.

<sup>583</sup> See *supra* section II.B.2.

One commenter supported the proposed amendments and agreed with the potential benefits, stating that expanding the classes of private funds that are required to disclose withdrawal and redemption rights would allow FSOC to better identify systemic risks, particularly resulting from market events.<sup>584</sup> Lastly, certain changes will streamline reporting and reduce the reporting burden by removing certain questions where other questions provide the same or superseding information. For example, the amendments will remove current Question 19, which requires advisers to hedge funds to report whether the hedge fund has a single primary investment strategy or multiple strategies, and will also remove current Question 21, which requires advisers to hedge funds to approximate what percentage of the hedge fund's net asset value was managed using high frequency trading strategies.<sup>585</sup> The SEC believes that these revisions will benefit advisers and investors by directly lowering the costs and reducing part of the burden on advisers of completing Form PF filings.<sup>586</sup> Commenters generally supported amendments that eliminate questions and streamline reporting requirements.<sup>587</sup>

**c. Amendments to Information about Hedge Funds Advised by Large Private Fund Advisers**

The changes to section 2 will provide greater insight into operations and strategies into hedge funds advised by large private fund advisers specifically, and will also assist in assessing broader hedge fund industry trends. This section discusses how the SEC believes the changes will thereby enhance the SEC's and FSOC's investor protection and systemic risk assessment efforts. This will be accomplished in three key ways.

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<sup>584</sup> See *supra* section II.B.2; see also Fact Coalition Comment Letter.

<sup>585</sup> See *supra* section II.B.3.

<sup>586</sup> These benefits from streamlined reporting and reduced reporting burden will be offset by increased costs associated with the additional and more granular detail that will be required on Form PF under the amendments. See *infra* sections IV.C.2, V.C.

<sup>587</sup> See *supra* section II.B.3; see also, e.g., MFA Comment Letter II; SIFMA Comment Letter; Better Markets Comment Letter.

As with section 1, first, the changes will provide more prescriptive requirements to improve comparability across advisers and reduce reporting errors and issues of data quality, based on experience with the form. This will be accomplished by standardizing reporting of information across different advisers and across different regulatory filings. For example, the amendments to current Question 30 (on qualifying hedge fund exposures to different types of assets) will replace the existing complex table in current Question 30 with a redesignated Question 32 with reporting instructions that will use a series of drop-down menu selections and provide additional narrative reporting instructions and additional information on how to report exposures.<sup>588</sup> Similarly, advisers to qualifying hedge funds will now be required to report the 10-year zero coupon bond equivalent for all sub-asset classes with interest rate risk, rather than providing advisers with a choice to report duration, WAT, or an unspecified 10-year equivalent.<sup>589</sup> Several revisions (relating to adviser reporting of basic information for all hedge funds that it advises) will revise instructions relating to reporting of adjusted long and short exposures and market factor effects on a hedge fund's portfolio.<sup>590</sup> These revisions can potentially prevent, for example, data errors associated with reporting of long and short components of a portfolio or discrepancies across advisers in their choices of which market factors to report (as Form PF currently allows advisers to omit a response to any market factor that they do not regularly consider in formal risk management testing).<sup>591</sup> As another example, the changes will provide for a new sub-asset class in investment exposure reporting for ADRs, in line with how ADRs are reported on the CFTC's Form CPO-PQR, potentially improving

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<sup>588</sup> See *supra* section II.C.2.

<sup>589</sup> *Id.*

<sup>590</sup> See *supra* sections II.C.2.a; II.C.2.c.

<sup>591</sup> *Id.* For example, higher quality data on short positions can facilitate more accurate and timely identification of significant market participants during periods of volatility related to shorting activity, such as the Jan. 2021 "meme stock" episodes. See, e.g., SEC, STAFF REP. ON EQUITY AND OPTIONS MARKET STRUCTURE CONDITIONS IN EARLY 2021 (Oct. 14, 2021), available at <https://www.sec.gov/files/staff-report-equity-options-market-struction-conditions-early-2021.pdf>.

assessment of currency risk across regulatory filings.<sup>592</sup> As a final example, the changes will revise reporting for positions held physically, synthetically, or through derivatives and indirect exposure, and will require reporting turnover on a per fund basis instead of in the aggregate as well as providing for more granular reporting of turnover.<sup>593</sup> The SEC believes these revisions, and others,<sup>594</sup> will align Form PF data across filers, thereby potentially improving the efficiency with which the SEC and FSOC evaluate market risk and measure industry trends, thereby increasing the efficiency with which regulatory responses are developed, improving systemic risk assessment and regulatory programs to protect investors.

Several changes in response to commenters will either enhance these benefits or will provide substantially the same benefits relative to the proposal but at reduced burden to advisers. For example, in response to commenters, under the final amendments advisers are permitted to report an entirely indirectly held entity position in one sub-asset class and instrument type that best represents the sub-asset class exposure of the indirectly held entity, unless the adviser would allocate the exposure of the indirectly held entity more granularly under its own internal methodologies and conventions of its service providers.<sup>595</sup> This modification balances the importance of obtaining more accurate and granular data with a reporting standard that is less

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<sup>592</sup> See *supra* section II.C.2.a.

<sup>593</sup> As discussed above, when monitoring funds' activities during recent market events like the Mar. 2020 COVID-19 turmoil, the existing aggregation of U.S. Treasury securities with related derivatives did not reflect the role hedge funds played in the U.S. Treasury market. See *supra* sections II.C.2.a, IV.B.1. Also during the COVID-19 market turmoil, FSOC sought to evaluate the role hedge funds played in disruptions in the U.S. Treasury market by unwinding cash-futures basis trade positions and taking advantage of the near-arbitrage between cash and futures prices of U.S. Treasury securities. Because the existing requirement regarding turnover reporting on U.S. Treasury securities is highly aggregated, the SEC staff, during retrospective analyses on the Mar. 2020 market events, was unable to obtain a complete picture of activity relating to long treasuries and treasury futures. See *supra* sections II.C.2.d, IV.B.1.

<sup>594</sup> Other revisions that will provide this benefit include the amendments revising reporting of reportable sub-asset classes, including those for certain categories of listed equity securities, repos, asset-backed securities and other structured products, derivatives, and cash and commodities; revising reporting of open and large position reporting; revising reporting of counterparty exposures including reporting of significant counterparties; revising currency reporting; requiring significant country and industry exposure; requiring additional reporting on fund portfolio risk profiles; requiring more granular reporting of investment performance by strategy; amending reporting of portfolio liquidity; and amending reporting of financing liquidity. See *supra* section II.C.

<sup>595</sup> See *supra* section II.C.2.a.

burdensome for advisers than the proposed standard. Similarly, in the final amendments, in response to commenters we are modifying the “10-year bond equivalent” definition to reference U.S. dollars, rather than the fund’s base currency, so that advisers will not be required to perform any additional exchange conversions.<sup>596</sup> As a final example, with respect to market factor reporting, commenters suggested that the proposal was unclear in certain questions as to whether an adviser is required to “look through” the fund’s investments.<sup>597</sup> In response, we are adding an instruction that when reporting exposures to changes in market factors for indirect positions, an adviser may use reasonable estimates that best represent the exposure to the market factor, consistent with the adviser’s internal methodologies and conventions of service providers.<sup>598</sup>

Many commenters also agreed with the benefits of certain proposed amendments. For example, commenters supported the amendments to require hedge fund advisers to report their long and short holdings on a disaggregated basis, or stated that requiring private fund advisers to report both long and short positions will allow FSOC to have a complete picture of the risk exposure across private funds, or stated that allowing advisers to aggregate their positions between physically held and synthetically held positions can make it difficult to understand the impact of hedge fund activity especially during periods of market instability.<sup>599</sup> Several of these amendments did not receive comments. For example, we did not receive comments on many aspects of the amendments to redesignated Question 32.<sup>600</sup>

Second, the changes will help Form PF provide greater insight into newly emerging areas of risk, including increasing exposures to new asset classes, changing exposures across different categories of counterparties, and changing risk management practices (such as changing

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<sup>596</sup> *Id.*

<sup>597</sup> *See supra* section II.C.2.c; *see also* MFA Comment Letter III.

<sup>598</sup> *See supra* section II.C.2.a.

<sup>599</sup> *Id.*; *see also* AFREF Comment Letter I; Better Markets Comment Letter.

<sup>600</sup> *See supra* section II.C.2.a.

practices around posting of collateral). The SEC believes these changes will help Form PF more completely and accurately capture information relevant to ongoing trends in the private fund industry. For example, in addition to the more general investment strategy questions in section 1c described above,<sup>601</sup> section 2b will require large advisers to qualifying hedge funds to report their total exposures to digital assets.<sup>602</sup> As another example, large advisers to qualifying hedge funds will be required to report exposures to additional commodity sub-asset classes (*e.g.*, other (non-gold) precious metals, agricultural commodities, and base metal commodities).<sup>603</sup> They will also be required to report all other counterparties (by name, LEI, and financial institution affiliation) to which a fund has net mark-to-market exposure after collateral that equals or is greater than either (1) five percent of a fund’s net asset value or (2) \$1 billion, facilitating regulators’ abilities to understand the impact of a particular counterparty failure like those that occurred during the 2008 financial crisis and in the period since (*e.g.*, the failure of MF Global in 2011).<sup>604</sup> Advisers will also be required to report certain of their exposures to CCPs,<sup>605</sup> and will be required to report each CCP (or other third party) holding collateral in respect of cleared exposures in excess of five percent of the fund’s net asset value, or \$1 billion.<sup>606</sup>

As a final example, advisers will be required to determine adjusted exposure for each “sub-asset” using a specified methodology, as proposed. This methodology will include, among other specifications, netting positions that have the same underlying reference asset across instrument type, including positions held indirectly through another entity such as ETFs and other exchange traded products.<sup>607</sup> These amendments will also include defining “exchange traded

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<sup>601</sup> *See supra* section IV.C.1.b.

<sup>602</sup> *See supra* section II.C.2.a.

<sup>603</sup> *Id.*

<sup>604</sup> *See supra* section II.C.2.a, footnote 360 and accompanying text.

<sup>605</sup> *See supra* section II.C.2.b.

<sup>606</sup> *See supra* section II.C.2.d.

<sup>607</sup> *See supra* section II.C.2.a.

product” to better facilitate exchange traded product and ETF exposure reporting. These types of funds are important avenues of investing for many types of investors but can represent different systemic risks than other types of investments, potentially increasing certain types of risk and decreasing other types of risk.

As discussed above, these (and other) new granular reporting requirements will represent new possible sources of systemic risk for the SEC and FSOC to evaluate, and also new areas of focus for the SEC’s regulatory outreach, examination, and investigation.<sup>608</sup> The SEC believes these revisions, and others,<sup>609</sup> will improve the SEC’s and FSOC’s efforts to assess developing systemic risks and FSOC’s efforts to assess broader financial stability, as well as potentially improve the SEC’s efforts to protect investors by identifying areas in need of outreach, examination, or investigation.

Some commenters questioned or were skeptical of these benefits. For example, one commenter indicated that existing data sources, such as existing Form PF, Form 13F and 13H, and CFTC Form CPO-PQR, already allow the Commissions to obtain granular information about a fund’s holdings with respect to the new sub-asset classes.<sup>610</sup> As discussed above, we have identified information gaps in the data reported on the existing Form PF based on our experience, and we are unable to determine the full extent of a fund’s exposure because the different types of

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<sup>608</sup> See *supra* section IV.C.1.b. For example, the SEC believes the addition of a base metal commodities sub-asset class will allow for identification of large players in the base metals market (such as those impacted by the Mar. 2022 “nickel squeeze,” during which the price of nickel rose unusually steeply and rapidly in response to commodity price increases caused by Russia’s invasion of Ukraine). See *supra* footnote 323.

<sup>609</sup> Other revisions that will provide this benefit include revising reporting for positions held physically, synthetically, or through derivatives and indirect exposure; revising reportable sub-asset classes, including those for certain categories of listed equity securities, repos, asset-backed securities and other structured products, derivatives, and other cash and commodities; further revising reporting of counterparty exposures including reporting of significant counterparties (in addition to the revisions to CCP exposures); revising currency reporting; requiring more granular reporting of turnover; requiring significant country and industry exposure; requiring additional reporting on fund portfolio risk profiles; requiring more granular reporting of investment performance by strategy; requiring new reporting on portfolio correlation; amending reporting of portfolio liquidity; and amending reporting of financing liquidity. See *supra* section II.C.

<sup>610</sup> See *supra* section II.C.2.a; see also SIFMA Comment Letter.

exposures are combined.<sup>611</sup> The final amendments will generate the intended benefits described above.<sup>612</sup>

Lastly, the amendments will remove certain questions where other questions provide the same or superseding information, which the SEC believes will streamline reporting and reduce reporting burden. For example, the changes will remove section 2a entirely, based on a determination that the aggregated information in section 2a is redundant to information required to be reported in other sections,<sup>613</sup> and will remove the requirement from Question 38 for advisers to report the percentage of the total amount of collateral and other credit support that a fund has posted to counterparties that may be re-hypothecated.<sup>614</sup> The SEC believes that these revisions, and others,<sup>615</sup> will directly lower the costs and reduce the burden to advisers of completing Form PF filings. Commenters who discussed these proposed amendments agreed that there would be benefits from reducing the burden by eliminating questions and streamlining reporting requirements.<sup>616</sup>

## 2. Costs

The amendments to Form PF will lead to certain additional costs for private fund advisers. Any portion of these costs that is not borne by advisers will ultimately be passed on to private funds' investors. These costs will vary depending on the scope of the required information, which is determined based on the size and types of funds managed by the adviser as

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<sup>611</sup> See *supra* section II.C.2.a. We discuss the costs of these amendments, including comments on the proposed amendments, below. See *infra* section IV.C.2.

<sup>612</sup> Other commenters were opposed to these amendments, but primarily on the basis of costs of the updated reporting. See *supra* section II.C.2.b; see also AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter. We discuss the costs of these amendments, including comments on the proposed amendments, below. See *infra* section IV.C.2.

<sup>613</sup> See *supra* section II.C.1.

<sup>614</sup> *Id.*

<sup>615</sup> Other revisions that will provide this benefit include consolidating Question 47 into Question 36; removing the requirement from Question 38 for advisers to report the percentage of the total amount of collateral and other credit support that a fund has posted to counterparties that may be re-hypothecated; and requiring reporting turnover on a per fund basis instead of in the aggregate. See *supra* section II.C.

<sup>616</sup> See *supra* sections II.C.1, II.C.2.b; see also, e.g., MFA Comment Letter II; SIFMA Comment Letter; Better Markets Comment Letter.

well as each fund's investment strategies, including choices of asset classes and counterparties. These costs are quantified, to the extent possible, by examination of the analysis in section V.C.

The SEC anticipates that the costs to advisers associated with Form PF will be comprised of both direct compliance costs and indirect costs. Direct costs for advisers will consist of internal costs (for compliance attorneys and other non-legal staff of an adviser, such as computer programmers, to prepare and review the required disclosure) and external costs (including filing fees as well as any costs associated with outsourcing all or a portion of the Form PF reporting responsibilities to a filing agent, software consultant, or other third-party service provider).<sup>617</sup>

The SEC believes that the direct costs associated with the final amendments will be most significant for the first updated Form PF report that a private fund adviser will be required to file because the adviser will need to familiarize itself with the new reporting form and may need to configure its systems to gather the required information efficiently. In subsequent reporting periods, the SEC anticipates that filers will significantly lower costs because much of the work involved in the initial report is non-recurring and because of efficiencies realized from system configuration and reporting automation efforts accounted for in the initial reporting period. This is consistent with the results of a survey of private fund advisers, finding that the majority of respondents identified the cost of subsequent annual Form PF filings at about half of the initial filing cost.<sup>618</sup>

The SEC anticipates that the amendments aimed at improving data quality and comparability will impose limited direct costs on advisers given that advisers already accommodate similar requirements in their current Form PF reporting and can utilize their existing capabilities for preparing and submitting an updated Form PF. The SEC expects that most of the costs will arise from the requirements to report additional and more granular

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<sup>617</sup> See section V.C. (for an analysis of the direct costs associated with the new Form PF requirements for quarterly and annual filings).

<sup>618</sup> See Kaal, *supra* footnote 487.

information on Form PF. These direct costs will mainly include an initial cost to set up a system for collecting, verifying additional more granular information, and limited ongoing costs associated with periodic reporting of this additional information.<sup>619</sup> We believe that the amendment to 17 CFR 275.204(b)-1(f) under the Advisers Act will have minimal costs associated with it, as the amendment only makes it easier to submit a temporary hardship exemption and assists advisers in determining what constitutes a “filed” temporary hardship exemption.<sup>620</sup> As discussed in the benefits section, the SEC believes that part of the costs to advisers arising from the amendments will be mitigated by the cost savings resulting from reduced ambiguities and inefficiencies that currently exist in the reporting requirements, as this may reduce the amount of time and effort required for some advisers to prepare and submit Form PF information.<sup>621</sup>

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<sup>619</sup> Based on the analysis in section V.C, initial costs associated with filing the first updated Form PF report are estimated to increase by \$5,820 for smaller private fund advisers, \$20,190 for large hedge fund advisers, \$10,592 for large liquidity fund advisers, and \$10,647 for large private equity fund advisers. These figures are calculated as the cost of filing under the amended form minus the cost of filing prior to the amendments for each category of adviser. *See* Table 6. Direct internal compliance costs associated with the amendments are estimated at \$2,247 annually for smaller private fund advisers. Direct internal compliance costs associated with the amendments are estimated at \$8,346 per quarterly filing or \$33,384 annually for large hedge fund advisers. Direct internal compliance costs associated with the amendments are estimated at \$5,136 per quarterly filing or \$20,544 annually for large liquidity fund advisers. Direct internal compliance costs associated with the amendments are estimated at \$4,815 annually for large private equity fund advisers. These figures are calculated as the cost of filing under the amendments minus the cost of filing prior to the amendments for each category of adviser. *See* Table 7. It is estimated that there will be no additional direct external costs and no changes to filing fees associated with the amendments. *See* Table 9. The SEC anticipates that there may be additional first-time filing costs for filers who do not currently file on a calendar quarter basis, but that these costs are likely to be small and not likely to impact subsequent filings beyond the first. As discussed above, a 2018 industry survey of large hedge fund advisers found filing costs that ranged from 35% to 72% higher than SEC cost estimates. These industry cost estimates would therefore suggest costs associated with the changes to Form PF that are potentially 35% to 72% higher than those estimated here. *See* MFA Letter to Chairman Clayton, *supra* footnote 364, at 3. However, a 2015 survey of SEC-registered investment advisers to private funds affirmed the SEC’s cost estimates for smaller private fund advisers’ Form PF compliance costs, and found that the SEC overestimated Form PF compliance costs for larger private fund advisers. These academic literature cost estimates would therefore suggest that the costs associated with the changes to Form PF estimated here are potentially conservatively large. *See* Kaal, *supra* footnote 487. We were persuaded by commenters who asserted that the proposed burdens underestimated the time and expense associated with the proposed amendments. To address commenters’ concerns and recognizing the changes from the proposal, we have revised the estimates as reflected here and below. *See infra* section V.C.

<sup>620</sup> *See supra* section II.E.

<sup>621</sup> The final amendments also seek to limit unnecessary costs by avoiding redundancies between new questions and current Questions. For example, the SEC will remove current Question 22, as it would be redundant in light of the expanded turnover reporting. *See supra* footnote 385.

Indirect costs for advisers will include the costs associated with additional actions that advisers may decide to undertake in light of the additional reporting requirements on Form PF. Specifically, to the extent that the amendments provide an incentive for advisers to improve internal controls and devote additional time and resources to managing their risk exposures and enhancing investor protection, this may result in additional expenses for advisers, some of which may be passed on to the funds and their investors.

Commenters also identified other indirect costs in the form of unintended effects, which we agree may occur. For example, one commenter stated that requirements in Form PF to use a particular financial identifier may increase costs and reduce innovation and competition among financial identifier providers.<sup>622</sup> However, we do not think this effect is likely to occur, because Form PF continues to not require an adviser to obtain or use LEI or any other particular financial identifier (other than private fund identification numbers for reporting funds), as our amendments provide only that any identifier that does not meet the definition of “LEI” may not be substituted for an LEI where a question requests an LEI.<sup>623</sup> Form PF continues to permit advisers to use other financial identifiers elsewhere on Form PF where the reporting of LEI is either not specified or not required.<sup>624</sup> Therefore, financial identifier providers will not likely experience any reduction in their incentives to innovate or compete.

Some commenters stated that there will be substantial burden including initial set-up costs, external costs, and ongoing costs associated with amending Form PF.<sup>625</sup> These commenters also stated that the Proposing Release economic analysis understated the costs of the amendments.<sup>626</sup> Several of the changes to the final amendments relative to the proposal are in

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<sup>622</sup> See *supra* section II.B.1; see also Bloomberg Comment Letter.

<sup>623</sup> See *supra* section II.B.1.

<sup>624</sup> *Id.*

<sup>625</sup> See, e.g., MFA Comment Letter III; AIMA/ACC Comment Letter; MFA/NAPFM Comment Letter.

<sup>626</sup> *Id.* The Proposing Release economic analysis’ quantified costs were based on compliance cost estimates from the Proposing Release PRA analysis. As discussed above, industry and academic literature from 2015-2018

response to commenter concerns on costs. Specifically, the final amendments have removed certain questions that were proposed and revised other questions in order to reduce their burden without compromising the goals of the Commissions and FSOC in improving the information received on the form for purposes of their systemic risk reviews. For example, we are revising certain questions related to exposures to instruct advisers to select the exposure that “best represents” the indirect investment of the reporting fund, based on commenter statements that obtaining information about a fund’s indirect exposures through investments in other funds could be difficult or burdensome.<sup>627</sup> As a second example, we are also not adopting a proposed question on portfolio correlations in response to comments that the proposed portfolio calculation questions would have been complex and burdensome to calculate.<sup>628</sup> As a third example, one commenter stated that for quarterly filers who have a fiscal year ending in a non-calendar quarter month, the proposed instructions do not specify the procedure for a filer who, during the transition from fiscal to calendar quarter reporting, would otherwise be required to report twice in one calendar quarter.<sup>629</sup> In response, we are requiring that such filers transition to the new timing requirement by their first calendar quarter-end filing for the first full quarterly reporting period after the compliance date.<sup>630</sup> As a final example, we are permitting the use of RFACV and GRFACV in reporting certain questions related to asset values in Section 1b,

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has varied in its findings on whether SEC’s past PRA analysis estimates of Form PF compliance costs have historically been overstated or understated. To address commenters’ concerns and recognizing the changes from the proposal, we are revising the estimates as reflected here and below. *See infra* section V.C; *see also supra* footnote 619.

<sup>627</sup> *See supra* sections II.A.2, II.C.2.

<sup>628</sup> *See supra* section II.C.2.

<sup>629</sup> *See supra* section II.A.3.

<sup>630</sup> *Id.*

concerning all private funds.<sup>631</sup> Permitting an adviser to report GRFACV or RFACV will reduce burden associated with reporting of valuation data on a monthly basis.<sup>632</sup>

However, there were certain proposed amendments that commenters criticized as burdensome but are being adopted largely as proposed. Each of these amendments is being adopted either because costs will be limited, because benefits will be substantial, or both. For example, commenters criticized the prescribed methodology for calculating netted exposure as burdensome as well as the need to identify relevant sub-asset classes and the need to measure these exposures on a monthly basis.<sup>633</sup> However, burden in the case of sub-asset classes will likely be limited, because advisers will generally only need to make the relevant determination of sub-asset classes once, with ongoing monitoring (and any reclassifications) relatively limited. Further, because a fund may use cross counterparty netting consistent with information reported by the fund internally for purposes of determining adjusted exposure, the adjusted exposure reporting will likely not be significantly burdensome, particularly for funds using common aggregator protocols.<sup>634</sup> As another example, some commenters opposed the requirement to provide additional detail regarding counterparty exposure and state that the information would be burdensome and costly to obtain.<sup>635</sup> For reasons discussed above,<sup>636</sup> we continue to believe that disaggregated counterparty exposure is important to systemic risk monitoring efforts, and will not be significantly burdensome to produce as we understand knowledge of counterparties to be a component of a fund's risk management practices. As a final example, one commenter stated

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<sup>631</sup> See *supra* section II.B.2. The incremental burdens associated with the use of these terms may be further limited because the recent amendments adopted by the SEC require a large hedge fund adviser to monitor and in certain instances report, the fund's RFACV in compliance with its current reporting obligation. See May 2023 SEC Form PF Amending Release, *supra* footnote 4.

<sup>632</sup> *Id.*

<sup>633</sup> See *supra* section II.C.2.a; see also, e.g., SIFMA Comment Letter.

<sup>634</sup> See *supra* section II.C.2.a.

<sup>635</sup> See *supra* section II.C.2.b; see also, e.g., MFA Comment Letter II; SIFMA Comment Letter; AIMA/ACC Comment Letter.

<sup>636</sup> *Id.*

that the requirement to report information expressed as a percentage to the nearest one hundredth of one percent will significantly increase the costs and additional burdens for reporting advisers.<sup>637</sup> However, as discussed above, percentages rounded to the nearest one hundredth of one percent will allow the Commissions to obtain and analyze more precise information that may otherwise be obscured, for example given that one one-hundredth of one percent can represent a meaningful dollar amount depending on the size of the private fund. And, while we recognize that this may not be the case for smaller funds, when such amounts are taken together for a large group of smaller funds, the aggregate amount across the fund group can represent a meaningful dollar amount for data analysis purposes.<sup>638</sup> However, given commenters' perspectives, we have increased our assessment of the incremental direct costs of the final amendments relative to the proposal, even after revising certain final amendments and questions relative to the proposal in order to reduce incremental burden.<sup>639</sup>

However, these costs must be analyzed alongside the important benefits that will accrue, as receiving exposure data on a monthly basis will allow us to better understand interim changes in exposures that may be relevant to systemic risk assessment that are not visible from the existing quarterly data, which may enhance the measurement of trends that may indicate systemic risk. Receiving these data on a monthly basis will also improve the Commissions' ability to compare netted exposures with other monthly reported data, such as redesignated Question 23, relating to fund performance reported by all private funds.<sup>640</sup> Being able to compare data on a monthly basis with other data at the same frequency is important for systemic risk assessment and to support investor protection efforts.<sup>641</sup>

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<sup>637</sup> See *supra* section II.D; see also MFA Comment Letter II.

<sup>638</sup> *Id.*

<sup>639</sup> See *supra* footnotes 619 through 621 and accompanying text; see also *infra* section V.C.

<sup>640</sup> See *supra* section II.B.2.

<sup>641</sup> *Id.*

Some commenters argued that the heightened compliance costs of Form PF may be particularly burdensome for small firms.<sup>642</sup> As a result, the final amendments may represent a barrier to entry for smaller advisers who cannot meet the compliance costs or who cannot compete after passing those costs on to investors. To the extent any smaller advisers either exit or forgo entry in response to these compliance costs, competition would be negatively affected. However, comments were made in the context of the proposal, and the final amendments reduce many of the costs of compliance relative to the proposal.<sup>643</sup> Therefore, these effects may be mitigated, but may nonetheless occur.

One commenter stated that the SEC should consider that “the sheer number and complexity of the Proposals, when considered in their totality, if adopted, would impose staggering aggregate costs, as well as unprecedented operational and other practical challenges.”<sup>644</sup> But, consistent with its long-standing practice, the Commission’s economic analysis in each adopting release considers the incremental benefits and costs for the specific rule—that is, the benefits and costs stemming from that rule compared to the baseline.<sup>645</sup> In doing so, the Commission acknowledges that in some cases resource limitations can lead to higher compliance costs when the compliance period of the rule being considered overlaps with the compliance period of other rules. In determining compliance periods, the SEC considers the benefits of the rules as well as the costs of delayed compliance periods and potential overlapping compliance periods.

Specifically, some commenters, as noted above, mentioned the proposals which culminated in the recent adoptions of the May 2023 SEC Form PF Amending Release, SEC

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<sup>642</sup> See, e.g., MFA Comment Letter; AIMA/ACC Comment Letter.

<sup>643</sup> See *supra* footnote 456 and accompanying text.

<sup>644</sup> MFA/NAPFM Comment Letter; see also MFA Comment Letter III; SIFMA Comment Letter; AIC Comment Letter I; AIC Comment Letter II; Comment Letter of U.S. House of Representatives Committee on Financial Services.

<sup>645</sup> See *supra* section IV.C.1.

Private Funds Advisers Adopting Release, Beneficial Ownership Amending Release, Short Position Reporting Adopting Release, Securitizations Conflicts Adopting Release, Treasury Clearing Adopting Release, and Dealer Definition Amending Release.<sup>646</sup> The SEC acknowledges that there are compliance dates for certain requirements of these rules that overlap in time with the final rule, which may impose costs on resource constrained entities affected by multiple rules.<sup>647</sup> This may be particularly true for smaller entities with more limited compliance resources. This effect can negatively impact competition because these entities may be less able to absorb or pass on these additional costs, making it more difficult for them to remain in business or compete.

We do not think these increased costs from overlapping compliance periods will be significant for two reasons. First, the market participants that will be subject to the amendments in this rulemaking and who will be subject to one or more of the other recently adopted rules could be limited based on whether those participants' activities fall within the scope of the other rules.<sup>648</sup> Second, overlapping compliance burdens related specifically to implementation of recent Form PF amendments will be limited because of the scope and implementation periods of the May 2023 SEC Form PF Amending Release. Only the compliance period for amendments to section 4 of Form PF overlap with the compliance periods for the Form PF amendments in this rulemaking. As a result, smaller private fund advisers, who are the entities more likely to be

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<sup>646</sup> See *supra* section IV.C.1; see also, e.g., AIC Comment Letter II; MFA Comment Letter I; MFA Comment Letter III; SIFMA Comment Letter.

<sup>647</sup> The effective/compliance date of the amendments in this rulemaking is one year from the date of publication of the rules, which is anticipated to be in early 2025. See *infra* section II.F. See *supra* footnotes 461 through 467 (summarizing compliance dates for the previously adopted rules).

<sup>648</sup> The Short Position Reporting Adopting Release will require only institutional investment managers that meet or exceed certain reporting thresholds to report short position and short activity data for equity securities. The Securitizations Conflicts Adopting Release will affect only certain entities—and their affiliates and subsidiaries—that participate in securitization transactions. The Treasury Clearing Adopting Release will affect only those Form PF filers that participate in the secondary market for U.S. Treasury securities. Lastly, the Dealer Definition Amending Release will primarily affect certain principal trading firms and private funds; private funds will bear the compliance costs associated with registering as a broker-dealer—and those funds' advisers will have to complete the compliance activities for their funds—only if the funds' investment activities bring them within the scope of the amended definitions. See *supra* footnotes 464 through 467.

resource constrained, will not face any heightened costs from overlapping implementation periods because only large private equity fund advisers—meaning those, together with their related persons that are not separately operated, with at least \$2 billion in combined regulatory assets under management attributable to private equity funds—report on section 4.

Moreover, commenters' concerns about the costs of overlapping compliance periods were raised in the context of the proposal and, as discussed above, we have taken steps to reduce costs of the final rule in several ways from the proposal.<sup>649</sup> As a result, for both larger and smaller entities, any higher costs or potential negative effects on competition due to overlapping compliance periods raised in the context of the proposal may be mitigated under the final amendments.

Form PF collects confidential information about private funds and their trading strategies, and the inadvertent public disclosure of such competitively sensitive and proprietary information could adversely affect the funds and their investors. Some commenters expressed concerns at this possibility. For example, one commenter opposed the increased granularity in strategy categories, stating they could disclose a fund's proprietary investment information and present data security concerns.<sup>650</sup> However, the SEC anticipates that any risk of these adverse effects will be mitigated by certain aspects of the Form PF reporting requirements and controls and systems designed by the SEC for handling the data. For example, the SEC has controls and systems for the use and handling of the modified and new Form PF data in a manner that reflects the sensitivity of the data and is consistent with the maintenance of its confidentiality. The SEC has substantial experience with the storage and use of nonpublic information reported on Form PF as well as other nonpublic information that the SEC handles in the course of business.

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<sup>649</sup> See *supra* footnote 625 and accompanying text.

<sup>650</sup> SIFMA Comment Letter.

## **D. Reasonable Alternatives**

### **1. Alternatives to Amendments to General Instructions, Amendments to Enhance Data Quality, and Additional Amendments**

The SEC considered alternatives to the amendments to general instructions, amendments to enhance data quality, and the additional amendments in the final rule (including the amendments to the process for requesting temporary hardship exemptions, by way of an amendment to 17 CFR 275.204(b)-1(f) under the Advisers Act). The alternatives considered were in the form of different choices of framing, level of additional detail requested by Form PF, level of detail removed from Form PF, and precise information targeted. For example, in the general instructions, the SEC considered an alternative that would have required advisers to report only at the master fund level or only at the feeder fund level. As another example, the SEC considered requiring annual filers to file within 30 calendar days after the end of their fiscal year, rather than 120 calendar days.

While many alternatives may have been able to capture more detailed information, or may have been able to capture relevant information with a smaller reporting burden for advisers, the SEC believes that each of the amendments to general instructions, amendments to enhance data quality, and additional amendments as adopted will improve data quality and enhance the usefulness of reported data without imposing undue reporting burden.

### **2. Alternatives to Amendments to Basic Information about the Adviser and the Private Funds It Advises**

The SEC also considered alternatives to the amendments to basic information about advisers and the private funds they advise. As above, these alternatives were in the form of different choices of framing, level of additional detail requested by Form PF, level of detail removed from Form PF, and precise information targeted.

For example, with respect to identifying information for private funds in section 1a, the SEC considered an alternative that would provide more granularity for advisers to list categories

of funds, such as differentiating between different types of funds of funds (for example, differentiating between multi-manager funds of funds and multi-asset funds of funds). As another example, with respect to basic information reported for all private funds in section 1b, the SEC considered alternatives that would limit reporting information about withdrawal rights, redemption rights, and contributions to only funds and advisers of a certain size.

As a final example, with respect to basic information reported for all hedge funds, the amendments will require advisers to identify each creditor or other counterparty (including CCPs) to which the reporting fund owes cash and synthetic financing borrowing (before posted collateral) equal to or greater than either (1) five percent of net asset value of the reporting fund as of the data reporting date or (2) \$1 billion, but the SEC considered alternatives that would have changed the thresholds, either increasing or decreasing Form PF's definition of what constitutes a significant counterparty. With respect to several such questions, commenters suggested the SEC consider alternative thresholds for reporting.<sup>651</sup> As discussed above, this threshold is appropriate because both portions of the threshold highlight potential systemic risk: five percent of net asset value is a level that represents significant exposure (based on the impact on performance) in the event of counterparty default, and \$1 billion, while it may not equal five percent of a large hedge fund's assets, may indicate a larger systemic stress involving a fund's counterparties.<sup>652</sup>

The SEC believes that each of the amendments as adopted improve data quality and enhance the usefulness of reported data without imposing an undue reporting burden.

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<sup>651</sup> See *supra* sections II.B.3, II.C.2.

<sup>652</sup> *Id.*

### **3. Alternatives to Amendments to Information about Hedge Funds Advised by Large Private Fund Advisers**

The SEC considered alternatives to the amendments to information about hedge funds advised by large private fund advisers. As above, these alternatives were in the form of different choices of framing, level of additional detail requested by Form PF, level of detail removed from Form PF, and precise information targeted.

For example, with respect to investment exposure reporting, the final amendments will continue to require reporting on qualifying hedge fund exposures to different types of assets, but will revise the instructions and format of this reporting. As an alternative, the SEC considered an amendment that would require or permit large hedge fund advisers to file portfolio position-level information for qualifying hedge funds similar to what is required for large liquidity fund advisers, and large hedge fund advisers who do so would be allowed to forgo responding to certain specific investment exposure questions in section 2, including Question 30. The questions as adopted will improve data quality and enhance the usefulness of reported data without imposing an undue reporting burden.<sup>653</sup>

As another example, the SEC considered alternative approaches for instructing reporting advisers on how to net long and short positions for each sub-asset class. One prong of the amended instructions for netting long and short positions relies on a newly defined term “reference asset,” which we define as a security or other investment asset to which the reporting fund is exposed through direct ownership, synthetically, or indirect ownership,<sup>654</sup> and instructs advisers to net positions that have the same underlying reference asset across instrument types. The SEC considered instead tailoring these instructions to different asset classes. For example, the SEC considered instructing advisers to net repo exposures in accordance with generally

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<sup>653</sup> See *supra* section II.C.

<sup>654</sup> See Form PF Glossary of Terms. The amendments will also instruct advisers to net fixed income positions that fall within certain predefined maturity buckets. See *supra* section II.C.

accepted accounting principles (“GAAP”) rules for balance sheet netting, or instructing advisers with exposures whose underlying reference assets are Treasury securities to net within predefined maturity buckets. However, the SEC believes that providing netting instructions through the single definition of “reference asset” improves data quality and enhances the usefulness of report data without imposing undue burden.<sup>655</sup>

Commenters also suggested alternatives to questions requiring reporting of categories of large exposures, in particular suggesting alternative parameters or thresholds defining when exposures should be reported.<sup>656</sup> For example, for the proposed new questions requiring advisers to provide information for counterparties to which the reporting fund has net mark-to-market counterparty credit exposure which is equal to or greater than either (1) five percent of the reporting fund’s net asset value as of the data reporting date or (2) \$1 billion, after taking into account collateral received or posted by the reporting fund, one commenter suggested a threshold of 10 percent for this question.<sup>657</sup>

For each of these questions, the thresholds were chosen to highlight potentially significant systemic risks in keeping with industry practice. For example, for the above counterparty credit exposure question, five percent was identified as a level large enough to constitute a shock to a reporting fund’s net asset value, and \$1 billion was identified as an amount that in the case of a very large counterparty, may not represent five percent of its net assets, but may be large enough to create stress for the reporting fund.<sup>658</sup> As another example, for the question on country and industry exposures, the threshold of either (1) five percent of net asset value or (2) \$1 billion is appropriate for multiple reasons, such as the fact that it represents a material level of portfolio exposure to risk relating to individual countries and geographic

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<sup>655</sup> See *supra* section II.C.

<sup>656</sup> See *supra* sections II.B.3, II.C.2.

<sup>657</sup> MFA Comment Letter II.

<sup>658</sup> See *supra* section II.B.3.

regions, and the fact that, for funds without a benchmark, five percent is often evaluated for industry, individual position, and country risk, and is a common and easy-to-measure threshold.<sup>659</sup> With respect to the \$1 billion threshold, it constitutes sufficiently large nominal value exposure from a risk perspective.<sup>660</sup>

As a final example, the SEC also considered requiring advisers to report Dollar Value of one basis point (DV01) instead of the 10-year zero coupon bond equivalent. We understand that the 10-year zero coupon bond equivalent is the most widely used duration measure currently applied in the industry, and would require the fewest number of private funds to update their calculations of duration to comply with the reporting requirement.<sup>661</sup>

Broadly, the SEC believes that each of the amendments as adopted improve data quality and enhance the usefulness of reported data without imposing undue reporting burden.<sup>662</sup>

#### **4. Alternatives to the Definition of the Term “Hedge Fund”**

The SEC also considered amending the definition of “hedge fund” which is defined in the Glossary of Terms as any private fund (other than a securitized asset fund) (a) with respect to which one or more investment advisers (or related persons of investment advisers) may be paid a performance fee or allocation calculated by taking into account unrealized gains (other than a fee or allocation the calculation of which may take into account unrealized gains solely for the purpose of reducing such fee or allocation to reflect net unrealized losses); (b) that may borrow an amount in excess of one-half of its net asset value (including any committed capital) or may have gross notional exposure in excess of twice its net asset value (including any committed

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<sup>659</sup> See *supra* section II.C.2.d.

<sup>660</sup> *Id.*

<sup>661</sup> See *supra* section II.C.2.d.

<sup>662</sup> See *supra* section II.C.2.d.

capital); or (c) that may sell securities or other assets short or enter into similar transactions (other than for the purpose of hedging currency exposure or managing duration).<sup>663</sup>

Under the existing definition, an adviser to a fund that holds itself out as a private equity fund and is permitted in its fund governing documents to engage in certain short-selling, but has not done so in the past 12 months, would be reported in Form PF data as a hedge fund with zero short exposure. The SEC therefore considered a potential alternative definition of “hedge fund,” under which, to qualify as a hedge fund under the leverage prong of the potential alternative definition, a fund would have to satisfy subsection (b) of the definition (the leverage prong), as it does today, but also must have actually borrowed or used any leverage during the past 12 months, excluding any borrowings secured by unfunded commitments (*i.e.*, subscription lines of credit). Additionally, to qualify as a hedge fund under the short selling prong of the potential alternative definition (the short selling prong), the fund would have engaged in certain short selling during the past 12 months. The SEC also considered alternative definitions requiring, for example, longer or shorter time periods, different time periods for borrowing versus short selling, or requirements for the reporting fund to provide redemption rights in the ordinary course.

An alternative definition could reduce the unnecessary reporting burden faced by advisers to deemed hedge funds that hold themselves out as private equity funds but currently comply with instructions to report information on Form PF section 2; however, this benefit would be partially mitigated by the impacted private fund advisers who would then need to report on necessary Form PF sections for private equity fund advisers.<sup>664</sup> Some reporting funds may consider themselves “private equity funds,” but advisers report them as hedge funds, because the reporting fund’s governing documents permit the fund to engage in certain borrowing and short selling (even though it did not do so at any time in the past 12 months), and an alternative

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<sup>663</sup> *Id.*

<sup>664</sup> *See supra* sections II.C.2; IV.C.2; *see also infra* section V.C.

definition could result in these funds reporting in a manner more consistent with their own view of their fund strategy. As discussed above, certain commenters supported revising the definition, including offering alternative specific definitions.<sup>665</sup>

However, the current definition of “hedge fund” is designed to include any private fund having any one of three common characteristics of a hedge fund: (1) a performance fee, (2) leverage, or (3) short selling. Any private fund that has one or more of these characteristics is an appropriate subject for the more detailed level of reporting that hedge funds are subject to on Form PF because the questions that hedge fund advisers are required to complete focus on these activities, and these activities may contribute to systemic risk, particularly in the case of a fund that has the ability to engage in borrowing or short selling.

A revised definition that focuses on actual or contemplated use could therefore have resulted in incomplete data for funds engaged in these activities, meaning incomplete data on activities that are important potential contributors to systemic risk. Because short selling and borrowing are important distinguishing characteristics of hedge funds and providing any exception for these activities, including a *de minimis* one, could have a significant, negative effect on reporting.<sup>666</sup>

Moreover, because a reporting fund may vary from year to year in its use of leverage or short selling, a revised definition that focuses on actual or contemplated use would also have caused fluctuations in the data from year to year, depending on which funds use leverage or short selling in a particular year, potentially impacting the quality or usefulness of resulting data. In particular, when first adopting the current definition, the Commissions reasoned that even a reporting fund for which leverage or short selling is an important part of its strategy may not engage in that practice during every reporting period.<sup>667</sup> This effect could also have increased

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<sup>665</sup> See *supra* section II.C.2.d.

<sup>666</sup> *Id.*

<sup>667</sup> See *supra* footnote 3; see also 2011 Form PF Adopting Release, at text accompanying footnote 4.

the burden on advisers to the extent that their funds were required to fluctuate between different reporting categories in different reporting periods, depending on the fund’s practices in any given period.<sup>668</sup> The potential costs of this alternative definition would also have included transition filing costs for advisers impacted by the definition, who would have been required to update their reporting methods to capture information from their funds relevant for reporting on Form PF as a private equity fund instead of as a hedge fund, and completing corresponding sections of the form targeted at each category.<sup>669</sup>

## **V. Paperwork Reduction Act**

### **CFTC:**

The information collection titled “Form PF and Rule 204(b)-1” (OMB Control No. 3235-0679) was issued to the SEC and implements sections 404 and 406 of the Dodd-Frank Act by requiring private fund advisers that have at least \$150 million in private fund assets under management to report certain information regarding the private funds they advise on Form PF. The SEC makes information on Form PF available to the CFTC, subject to the confidentiality provisions of the Dodd-Frank Act, and the CFTC may use information collected on Form PF in its regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers.

CFTC rule 4.27<sup>670</sup> does not impose any additional burden upon registered CPOs and CTAs that are dually registered as investment advisers with the SEC (“dual registrants”). There is no requirement to file Form PF with the CFTC, and any filings made by dual registrants with the SEC are made pursuant to the Advisers Act. While CFTC rule 4.27(d) states that dually registered CPOs and CTAs that file Form PF with the SEC will be deemed to have filed Form PF

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<sup>668</sup> See *supra* section II.C.2.d.

<sup>669</sup> We estimate that the average cost of a transition filing is \$20.50. See Table 9.

<sup>670</sup> CFTC rule 4.27, 17 CFR 4.27, was adopted pursuant to the CFTC’s authority set forth in section 4n of the Commodity Exchange Act, 7 U.S.C. 6n. CFTC regulations are found at Title 17 Chapter I of the Code of Federal Regulations.

with the CFTC for purposes of any enforcement action regarding any false or misleading statement of material fact in Form PF, the CFTC is not imposing any additional burdens herein. Therefore, any burden imposed by Form PF on entities registered with both the CFTC and the SEC has been fully accounted for within the SEC's calculations regarding the impact of this collection of information under the Paperwork Reduction Act of 1995 ("PRA"), as set forth below.<sup>671</sup>

**SEC:**

Certain provisions of the final Form PF and rule 204(b)-1 revise an existing "collection of information" within the meaning of the PRA.<sup>672</sup> The SEC published a notice requesting comment on changes to this collection of information in the 2022 Joint Form PF Proposing Release and submitted the collection of information to the Office of Management and Budget ("OMB") for review in accordance with the PRA.<sup>673</sup> The title for the collection of information we are amending is "Form PF and Rule 204(b)-1" (OMB Control Number 3235-0679), and includes both Form PF and rule 204(b)-1 ("the rules").<sup>674</sup> The SEC's solicitation of public comments included estimating and requesting public comments on the burden estimates for all information collections under this OMB control number (*i.e.*, both changes associated with the rulemaking and other burden updates). These changes in burden also reflect the SEC's revision and update of burden estimates since the proposal for all information collections under this OMB control number (whether or not associated with rulemaking changes) and responses to the SEC's

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<sup>671</sup> 44 U.S.C. 3501 through 3521.

<sup>672</sup> *Id.*

<sup>673</sup> 44 U.S.C. 3507(d); 5 CFR 1320.11.

<sup>674</sup> The SEC also submitted the collection of information to OMB on Sept. 29, 2023, in connection with the May 2023 SEC Form PF Amending Release (ICR Reference No. 202305-3235-023), which OMB approved on Dec. 18, 2023, *available at* [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202305-3235-023](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202305-3235-023). *See* May 2023 SEC Form PF Amending Release, *supra* footnote 4. Following this, the SEC submitted the collection of information to OMB on Jan. 11, 2024, in connection with the July 2023 Form PF Amending Release (ICR Reference No. 202401-3235-005), which is currently pending, *available at* [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202401-3235-005](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202401-3235-005). *See* July 2023 SEC Form PF Amending Release, *supra* footnote 4. The previously approved estimates used in this PRA do not reflect this submission to OMB in connection with the July 2023 Form PF Amending Release.

request for public comment on all information collection burden estimates for this OMB control number. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Compliance with the information collection titled “Form PF and Rule 204(b)-1” is mandatory. The respondents are investment advisers that (1) are registered or required to be registered under Advisers Act section 203, (2) advise one or more private funds, and (3) managed private fund assets of at least \$150 million at the end of their most recently completed fiscal year (collectively, with their related persons).<sup>675</sup> Form PF divides respondents into groups based on their size and types of private funds they manage, requiring some groups to file more information more frequently than others. The types of respondents are (1) smaller private fund advisers, that report annually (*i.e.*, private fund advisers that do not qualify as large private fund advisers), (2) large hedge fund advisers, that report more information quarterly (*i.e.*, advisers with at least \$1.5 billion in hedge fund assets under management), (3) large liquidity fund advisers, that report more information quarterly (*i.e.*, advisers that manage liquidity funds and have at least \$1 billion in combined money market and liquidity fund assets under management), and (4) large private equity fund advisers, that report more information annually (*i.e.*, advisers with at least \$2 billion in private equity fund assets under management).<sup>676</sup> As discussed more fully in section II above and as summarized in sections V.A and V.C below, the amendments revise how all types of respondents report certain information on Form PF.

We have revised our burden estimates in response to comments we received, to reflect modifications from the proposal, to incorporate the Form PF amendments that were separately

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<sup>675</sup> See 17 CFR 275.204(b)-1.

<sup>676</sup> Large hedge fund advisers to qualifying hedge funds also file current reports as soon as practicable, but no later than 72 hours from the occurrence of certain reporting events, as provided for in Form PF section 5. Private equity fund advisers also file private equity event reports within 60 days from fiscal quarter end upon the occurrence of certain reporting reports, as provided for in Form PF section 6. See May 2023 SEC Form PF Amending Release, *supra* footnote 4.

adopted since the proposal,<sup>677</sup> and to take into consideration updated data. One commenter indicated that the proposed amendments would confer more benefits than costs.<sup>678</sup> We received other comments to our time and cost burdens indicating that we underestimated the burdens to implement the proposed amendments to Form PF.<sup>679</sup> We also received comments on aspects of the economic analysis that implicated estimates we used to calculate the collection of information burdens.<sup>680</sup> We discuss these comments below.

We were persuaded by commenters who asserted that the proposed burdens underestimated the time and expense associated with the proposed amendments. Upon further consideration, we believe that it will take more time than initially contemplated in the proposal to collect the applicable data and report on Form PF. To address commenters' concerns and recognizing the changes from the proposal discussed above in section II, we are revising the estimates as reflected in the charts below.

As discussed more fully in section II above, we have also modified certain proposed requirements in a manner that changes our burden estimates in certain respects. For example, as discussed more fully in section II.A.2 above, we are adopting amendments to require consolidated reporting of trading vehicles, rather than separate reporting, as proposed, which reduces our burden estimates. One commenter stated that the proposed amendments to require disaggregated reporting of trading vehicles would require building of new reporting systems and that the Commissions' estimated costs were understated, particularly for private equity fund advisers.<sup>681</sup> Some commenters stated that certain proposed amendments requiring more granular reporting would impose significant costs and burdens on advisers, such as the proposed

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<sup>677</sup> See May 2023 SEC Form PF Amending Release and July 2023 SEC Form PF Amending Release, *supra* footnote 4.

<sup>678</sup> Better Markets Comment Letter.

<sup>679</sup> See, e.g., AIC Comment Letter I; MFA Comment Letter II; MFA/NAPFM Comment Letter; SIFMA Comment Letter.

<sup>680</sup> See, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II; SIFMA Comment Letter.

<sup>681</sup> AIC Comment Letter I.

requirements for look-through reporting, exposures, performance, and market factor reporting.<sup>682</sup>

As discussed more fully in section II.C above, we have modified the proposed requirements for large hedge fund advisers to report certain fund exposures to allow advisers to report the exposure category that best represents the reporting fund's exposure, which will reduce the burden on advisers in collecting and reporting this information.<sup>683</sup> We have also adopted a modification from the proposal which permits an adviser to report a fund's monthly asset value as a GRFACV or an RFACV, rather than gross asset value or net asset value, in the event that these values are not calculated on a monthly basis, which is a less burdensome metric to calculate.<sup>684</sup> Further, we are not adopting a proposed question on portfolio correlation, as discussed more fully in section II.C.2 above, after consideration of comments that stated the question would impose significant burdens on advisers because the calculation would be complex to perform and is not risk measurement that advisers currently calculate.<sup>685</sup>

Some commenters stated that the proposed cost estimates were understated because they do not take into consideration the costs of the amendments proposed in the 2022 SEC Form PF Proposing Release.<sup>686</sup> Our final estimates have been revised to include the effect of the Form PF amendments that were adopted subsequent to the 2022 Joint Form PF Proposal.<sup>687</sup> Our time and cost estimates also incorporate other adjustments, which are not based on changes from the proposed amendments, for updated data for the estimated number of respondents and salary/wage information across all filer types.

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<sup>682</sup> See, e.g., AIMA/ACC Comment Letter; USCC Comment Letter.

<sup>683</sup> See, e.g., Questions 32, 33, 35, and 36.

<sup>684</sup> See Questions 11 and 12.

<sup>685</sup> Proposed Question 48; see, e.g., AIMA/ACC Comment Letter; MFA Comment Letter II.

<sup>686</sup> See, e.g., AIC Comment Letter I; AIC Comment Letter II; MFA Comment Letter III; SIFMA Comment Letter; see also 2022 SEC Form PF Proposing Release, *supra* footnote 4.

<sup>687</sup> See May 2023 SEC Form PF Amending Release and July 2023 SEC Form PF Amending Release, *supra* footnote 4.

## **A. Purpose and Use of the Information Collection**

The rules implement provisions of Title IV of the Dodd-Frank Act, which amended the Advisers Act to require the SEC to, among other things, establish reporting requirements for advisers to private funds.<sup>688</sup> The information collected on Form PF is designed to facilitate FSOC's obligations under the Dodd-Frank Act to monitor of systemic risk in the private fund industry.<sup>689</sup> The SEC also may use information collected on Form PF in its regulatory programs, including examinations, investigations, and investor protection efforts relating to private fund advisers.<sup>690</sup>

The final amendments are designed to enhance FSOC's ability to monitor systemic risk as well as bolster the SEC's regulatory oversight of private fund advisers and investor protection efforts. The final amendments amend the form's general instructions, as well as section 1 of Form PF, which apply to all Form PF filers. The final amendments also amend section 2 of Form PF, which applies to large hedge fund advisers that advise qualifying hedge funds (*i.e.*, hedge funds with a net asset value of at least \$500 million).

## **B. Confidentiality**

Responses to the information collection will be kept confidential to the extent permitted by law.<sup>691</sup> Form PF elicits non-public information about private funds and their trading strategies, the public disclosure of which could adversely affect the funds and their investors. The SEC does not intend to make public Form PF information that is identifiable to any particular adviser or private fund, although the SEC may use Form PF information in an enforcement action and FSOC may use it to assess potential systemic risk.<sup>692</sup> SEC staff issues

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<sup>688</sup> See 15 U.S.C. 80b-4(b) and 15 U.S.C. 80b-11(e).

<sup>689</sup> See Form PF.

<sup>690</sup> *Id.*

<sup>691</sup> See 5 CFR 1320.5(d)(2)(vii) and (viii).

<sup>692</sup> See 15 U.S.C. 80b-10(c) and 15 U.S.C. 80b-4(b).

certain publications designed to inform the public of the private funds industry, all of which use only aggregated or masked information to avoid potentially disclosing any proprietary information.<sup>693</sup> The Advisers Act precludes the SEC from being compelled to reveal Form PF information except (1) to Congress, upon an agreement of confidentiality, (2) to comply with a request for information from any other Federal department or agency or self-regulatory organization for purposes within the scope of its jurisdiction, or (3) to comply with an order of a court of the United States in an action brought by the United States or the SEC.<sup>694</sup> Any department, agency, or self-regulatory organization that receives Form PF information must maintain its confidentiality consistent with the level of confidentiality established for the SEC.<sup>695</sup> The Advisers Act requires the SEC to make Form PF information available to FSOC.<sup>696</sup> For advisers that are also commodity pool operators or commodity trading advisers, filing Form PF through the Form PF filing system is filing with both the SEC and CFTC.<sup>697</sup> Therefore, the SEC makes Form PF information available to FSOC and the CFTC, pursuant to Advisers Act section 204(b), making the information subject to the confidentiality protections applicable to information required to be filed under that section. Before sharing any Form PF information, the SEC requires that any such department, agency, or self-regulatory organization represent to the SEC that it has in place controls designed to ensure the use and handling of Form PF information in a manner consistent with the protections required by the Advisers Act. The SEC has instituted procedures to protect the confidentiality of Form PF information in a manner consistent with the protections required in the Advisers Act.<sup>698</sup>

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<sup>693</sup> See, e.g., Private Funds Statistics, issued by staff of the SEC Division of Investment Management's Analytics Office, which we have used in this PRA as a data source, *available at* <https://www.sec.gov/divisions/investment/private-funds-statistics.shtml>.

<sup>694</sup> See 15 U.S.C. 80b-4(b)(8).

<sup>695</sup> See 15 U.S.C. 80b-4(b)(9).

<sup>696</sup> See 15 U.S.C. 80b-4(b)(7).

<sup>697</sup> See 2011 Form PF Adopting Release, *supra* footnote 4, at n.17.

<sup>698</sup> See 5 CFR 1320.5(d)(2)(viii).

### C. Burden Estimates

We are revising our total burden final estimates to reflect the final amendments, updated data, new methodology for certain estimates, subsequent Form PF amendments adopted after the 2022 Joint Form PF Proposing Release, and comments we received to our estimates.<sup>699</sup> The tables below map out the proposed and final Form PF requirements as they apply to each group of respondents and detail our burden estimates.

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<sup>699</sup> For the previously approved estimates, *see* ICR Reference No. 202305-3235-023 (conclusion date Dec. 18, 2023), *available at* [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202305-3235-023](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202305-3235-023). The 2022 Joint Form PF Proposing Release used the then-current previously approved estimates, *see* ICR Reference No. 202011-3235-019 (conclusion date Apr. 1, 2021), *available at* [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202011-3235-019](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202011-3235-019).

**a. Proposed Form PF Requirements by Respondent**

**Table 1a: Proposed Form PF Requirements by Respondent**

<b>Form PF</b>	<b>Smaller private fund advisers</b>	<b>Large hedge fund advisers</b>	<b>Large liquidity fund advisers</b>	<b>Large private equity fund advisers</b>
Section 1a and section 1b (basic information about the adviser and the private funds it advises) <b>Proposed revisions</b>	Annually	Quarterly	Quarterly	Annually
Section 1c (additional information concerning hedge funds) <b>Proposed revisions</b>	Annually, if they advise hedge funds	Quarterly	Quarterly, if they advise hedge funds	Annually, if they advise hedge funds
Section 2 (additional information concerning qualifying hedge funds) <b>Proposed revisions</b>	No	Quarterly	No	No
Section 3 (additional information concerning liquidity funds) <b>No proposed revisions</b>	No	No	Quarterly	No
Section 4 (additional information concerning private equity funds) <b>No proposed revisions</b>	No	No	No	Annually
Section 5 (temporary hardship request) <b>The proposal would revise filing instructions</b>	Optional, if they qualify	Optional, if they qualify	Optional, if they qualify	Optional, if they qualify
Transition Filings (indicating the adviser is no longer obligated to file on a quarterly basis) <b>No proposed revisions</b>	Not applicable	If they cease to qualify as a large hedge fund adviser	If they cease to qualify as a large liquidity fund adviser	Not applicable
Final Filings (indicating the adviser is no longer subject to the rules) <b>No proposed revisions</b>	If they qualify	If they qualify	If they qualify	If they qualify

**b. Adopted Form PF Requirements by Respondent**

<b>Form PF</b>	<b>Smaller private fund advisers</b>	<b>Large hedge fund advisers</b>	<b>Large liquidity fund advisers</b>	<b>Large private equity fund advisers</b>
Section 1a and section 1b (basic information about the adviser and the private funds it advises) <b>The final rules modify section 1a and section 1b</b>	Annually	Quarterly	Quarterly	Annually
Section 1c (additional information concerning hedge funds) <b>The final rules modify section 1c</b>	Annually, if they advise hedge funds	Quarterly	Quarterly, if they advise hedge funds	Annually, if they advise hedge funds
Section 2 (additional information concerning qualifying hedge funds) <b>The final rules modify section 2</b>	No	Quarterly	No	No
Section 3 (additional information concerning liquidity funds) <b>No final revisions</b>	No	No	Quarterly	No
Section 4 (additional information concerning private equity funds) <b>No final revisions</b>	No	No	No	Annually
Section 5 (current reporting concerning qualifying hedge funds) <sup>1</sup> <b>No final revisions</b>	No	As soon as practicable upon a current reporting event, but no later than 72 hours	No	No
Section 6 (event reporting for private equity fund advisers) <sup>1</sup> <b>No final revisions</b>	Within 60 days of fiscal quarter end upon a reporting event, if they advise private equity funds	No	No	Within 60 days of fiscal quarter end upon a reporting event
Section 7 (temporary hardship request) <sup>1</sup> <b>The final rules revise the filing instructions</b>	Optional, if they qualify	Optional, if they qualify	Optional, if they qualify	Optional, if they qualify
Transition Filings (indicating the adviser is no longer obligated to file on a quarterly basis) <b>No final revisions</b>	Not applicable	If they cease to qualify as a large hedge fund adviser	If they cease to qualify as a large liquidity fund adviser	Not applicable
Final Filings (indicating the adviser is no longer subject to the rules) <b>No final revisions</b>	If they qualify	If they qualify	If they qualify	If they qualify

**Note:**

1. The SEC adopted amendments to Form PF, which added sections 5 and 6 and redesignated the previous section 5 as section 7. See May 2023 SEC Form PF Amending Release, *supra* footnote 4.

**c. Annual Hour Burden Estimates**

Below are tables with annual hour burden estimates for (1) initial filings, (2) ongoing annual and quarterly filings, (3) current reporting and private equity event reporting, and (4) transition filings, final filings, and temporary hardship requests.

**Table 2: Annual Hour Burden Estimates for Initial Filings**

<b>Respondent<sup>1</sup></b>		<b>Number of Respondents = Aggregate Number of Responses<sup>2</sup></b>	<b>Hours Per Response<sup>3</sup></b>	<b>Hours Per Response Amortized Over 3 Years<sup>4</sup></b>	<b>Aggregate Hours Amortized Over 3 Years<sup>5</sup></b>
<b>Smaller Private Fund Advisers</b>	<b>Proposed Estimate</b>	309 responses <sup>6</sup>	50 hours	÷ 3 = 17 hours	5,253 hours
	<b>Final Estimate</b>	374 responses <sup>7</sup>	55 hours	÷ 3 = 18 hours	6,732 hours
	<b>Previously Approved</b>	358 responses	40 hours	÷ 3 = 13 hours	4,654 hours
	<b>Change</b>	16 responses	15 hours	5 hours	2,078 hours
<b>Large Hedge Fund Advisers</b>	<b>Proposed Estimate</b>	15 responses <sup>8</sup>	345 hours	÷ 3 = 115 hours	1,725 hours
	<b>Final Estimate</b>	14 responses <sup>9</sup>	380 hours	÷ 3 = 127 hours	1,778 hours
	<b>Previously Approved</b>	16 responses	325 hours	÷ 3 = 108 hours	1,728 hours
	<b>Change</b>	(2) responses	55 hours	19 hours	50 hours
<b>Large Liquidity Fund Advisers</b>	<b>Proposed Estimate</b>	1 response <sup>10</sup>	210 hours	÷ 3 = 70 hours	70 hours
	<b>Final Estimate</b>	1 response <sup>11</sup>	229 hours	÷ 3 = 76 hours	76 hours
	<b>Previously Approved</b>	1 response	200 hours	÷ 3 = 67 hours	67 hours
	<b>Change</b>	0 responses	29 hours	9 hours	9 hours
<b>Large Private Equity Fund Advisers</b>	<b>Proposed Estimate</b>	13 responses <sup>12</sup>	210 hours	÷ 3 = 70 hours	910 hours
	<b>Final Estimate</b>	18 responses <sup>13</sup>	281 hours	÷ 3 = 94 hours	1,692 hours
	<b>Previously Approved</b>	17 responses	252 hours	÷ 3 = 84 hours	1,428 hours
	<b>Change</b>	1 response	29 hours	10 hours	264 hours

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**Notes:**

1. We expect that the hourly burden will be most significant for the initial report because the adviser will need to familiarize itself with the new reporting form and may need to configure its systems in order to efficiently gather the required information. In addition, we expect that some large private fund advisers will find it efficient to automate some portion of the reporting process, which will increase the burden of the initial filing but reduce the burden of subsequent filings.
2. This concerns the initial filing; therefore, we estimate one response per respondent. The proposed and final changes are due to using updated data to estimate the number of advisers.
3. Hours per response changes are due to the amendments, as well as amendments to Form PF adopted subsequent to the 2022 Joint Form PF Proposal for the final estimates and comments we received to our estimates.
4. We amortize the initial time burden over three years because we believe that most of the burden will be incurred in the initial filing.
5. (Number of responses) x (hours per response amortized over three years) = aggregate hours amortized over three years. Changes are due to (1) using updated data to estimate the number of advisers, (2) the amendments adopted in this Release, (3) amendments to Form PF adopted subsequent to the 2022 Joint Form PF Proposal, and (4) comments we received to our estimates.
6. In the case of the proposed estimates, Private Funds Statistics show 2,394 smaller private fund advisers filed Form PF in the third quarter of 2021. Based on filing data from the last five years, an average of 12.9% of them did not file for the previous due date. ( $2,394 \times 0.129 = 309$  advisers.)
7. In the case of the final estimates, Private Funds Statistics show 2,750 smaller private fund advisers filed Form PF in the first quarter of 2023. Based on filing data from the last five years, an average of 13.6% of them did not file for the previous due date. ( $2,750 \times 0.136 = 374$  advisers.)
8. In the case of the proposed estimates, Private Funds Statistics show 592 large hedge fund advisers filed Form PF in the third quarter of 2021. Based on filing data from the last five years, an average of 2.6% of them did not file for the previous due date. ( $592 \times 0.026 = 15$  advisers.)
9. In the case of the final estimates, Private Funds Statistics show 570 large hedge fund advisers filed Form PF in the first quarter of 2023. Based on filing data from the last five years, an average of 2.5% of them did not file for the previous due date. ( $570 \times 0.025 = 14$  advisers.)
10. In the case of the proposed estimates, Private Funds Statistics show 24 large liquidity fund advisers filed Form PF in the third quarter of 2021. Based on filing data from the last five years, an average of 1.5% of them did not file for the previous due date. ( $24 \times 0.015 = 0.36$  advisers, rounded up to 1 adviser.)
11. In the case of the final estimates, Private Funds Statistics show 21 large liquidity fund advisers filed Form PF in the first quarter of 2023. Based on filing data from 2017 through 2021, an average of 1.5% of them did not file for the previous due date. ( $21 \times 0.015 = 0.32$  advisers, rounded up to 1 adviser.)
12. In the case of the proposed estimates, Private Funds Statistics show 369 large private equity fund advisers filed Form PF in the third quarter of 2021. Based on filing data from the last five years, an average of 3.5% of them did not file for the previous due date. ( $369 \times 0.035 = 13$  advisers.)
13. In the case of the final estimates, Private Funds Statistics show 450 large private equity fund advisers filed Form PF in the first quarter of 2023. Based on filing data from the last five years, an average of 3.9% of them did not file for the previous due date. ( $450 \times 0.039 = 18$  advisers.)

**Table 3: Annual Hour Burden Estimates for Ongoing Annual and Quarterly Filings**

<b>Respondent<sup>1</sup></b>		<b>Number of Respondents<sup>2</sup></b>		<b>Number of Responses<sup>3</sup></b>		<b>Hours Per Response<sup>4</sup></b>	<b>=</b>	<b>Aggregate Hours<sup>5</sup></b>
<b>Smaller Private Fund Advisers</b>	<b>Proposed Estimate</b>	2,085 advisers <sup>6</sup>	x	1 response	x	20 hours	=	41,700 hours
	<b>Final Estimate</b>	2,376 advisers <sup>7</sup>	x	1 response	x	22 hours	=	52,272 hours
	<b>Previously Approved</b>	2,258 advisers	x	1 response	x	15 hours	=	33,870 hours
	<b>Change</b>	118 advisers		0 responses		7 hours		18,402 hours
<b>Large Hedge Fund Advisers</b>	<b>Proposed Estimate</b>	577 advisers <sup>8</sup>	x	4 responses	x	160 hours	=	369,280 hours
	<b>Final Estimate</b>	556 advisers <sup>9</sup>	x	4 responses	x	176 hours	=	391,424 hours
	<b>Previously Approved</b>	582 advisers	x	4 responses	x	150 hours	=	349,200 hours
	<b>Change</b>	(26) advisers		0 responses		26 hours		42,224 hours
<b>Large Liquidity Fund Advisers</b>	<b>Proposed Estimate</b>	23 advisers <sup>10</sup>	x	4 responses	x	75 hours	=	6,900 hours
	<b>Final Estimate</b>	20 advisers <sup>11</sup>	x	4 responses	x	86 hours	=	6,880 hours
	<b>Previously Approved</b>	21 advisers	x	4 responses	x	70 hours	=	5,880 hours
	<b>Change</b>	(1) adviser		0 responses		16 hours		1,000 hours
<b>Large Private Equity Fund Advisers</b>	<b>Proposed Estimate</b>	356 advisers <sup>12</sup>	x	1 response	x	105 hours	=	37,380 hours
	<b>Final Estimate</b>	432 advisers <sup>13</sup>	x	1 response	x	145 hours	=	62,640 hours
	<b>Previously Approved</b>	418 advisers	x	1 response	x	128 hours	=	53,504 hours
	<b>Change</b>	14 advisers		0 responses		17 hours		9,136 hours

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**Notes:**

1. We estimate that after an adviser files its initial report, it will incur significantly lower costs to file ongoing annual and quarterly reports, because much of the work for the initial report is non-recurring and likely created system configuration and reporting efficiencies.
2. Changes to the number of respondents are due to using updated data to estimate the number of advisers.
3. Smaller private fund advisers and large private equity fund advisers file annually. Large hedge fund advisers and large liquidity fund advisers file quarterly.
4. Hours per response changes are due to the amendments.
5. Changes to the aggregated hours are due to (1) using updated data to estimate the number of advisers, (2) the amendments, (3) amendments to Form PF adopted subsequent to the 2022 Joint Form PF Proposing Release, and (4) comments we received to our estimates.
6. In the case of the proposed estimates, Private Funds Statistics show 2,394 smaller private fund advisers filed Form PF in the third quarter of 2021. We estimated that 309 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (2,394 total smaller advisers – 309 advisers that made an initial filing = 2,085 advisers that make ongoing filings.)
7. In the case of the final estimates, Private Funds Statistics show 2,750 smaller private fund advisers filed Form PF in the first quarter of 2023. We estimated that 374 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (2,750 total smaller advisers – 374 advisers that made an initial filing = 2,376 advisers that make ongoing filings.)
8. In the case of the proposed estimates, Private Funds Statistics show 592 large hedge fund advisers filed Form PF in the third quarter of 2021. We estimated that 15 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (592 total large hedge fund advisers – 15 advisers that made an initial filing = 577 advisers that make ongoing filings.)
9. In the case of the final estimates, Private Funds Statistics show 570 large hedge fund advisers filed Form PF in the first quarter of 2023. We estimated that 14 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (570 total large hedge fund advisers – 14 advisers that made an initial filing = 556 advisers that make ongoing filings.)
10. In the case of the proposed estimates, Private Funds Statistics show 24 large liquidity fund advisers filed Form PF in the third quarter of 2021. We estimated that one of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (24 total large liquidity fund advisers – 1 adviser that made an initial filing = 23 advisers that make ongoing filings.)
11. In the case of the final estimates, Private Funds Statistics show 21 large liquidity fund advisers filed Form PF in the first quarter of 2023. We estimated that one of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (21 total large liquidity fund advisers – 1 adviser that made an initial filing = 20 advisers that make ongoing filings.)
12. In the case of the proposed estimates, Private Funds Statistics show 369 large private equity fund advisers filed Form PF in the third quarter of 2021. We estimated that 13 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (369 total large private equity fund advisers – 13 advisers that made an initial filing = 356 advisers that make ongoing filings.)
13. In the case of the final estimates, Private Funds Statistics show 450 large private equity fund advisers filed Form PF in the first quarter of 2023. We estimated that 18 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (450 total large private equity fund advisers – 18 advisers that made an initial filing = 432 advisers that make ongoing filings.)

**Table 4: Annual Hour Burden Estimates for Current Reporting and Private Equity Event Reporting<sup>1</sup>**

Respondent		Aggregate Number of Responses		Hours Per Response		Aggregate Hours
Smaller Private Fund Advisers	Proposed Estimate			Not Applicable		
	Final Estimate	20 responses	x	5 hours	=	100 hours
	Previously Approved	20 responses	x	5 hours	=	100 hours
	Change	0 responses	x	0 hours	=	0 hours
Large Hedge Fund Advisers	Proposed Estimate			Not Applicable		
	Final Estimate	60 responses	x	10 hours	=	600 hours
	Previously Approved	60 responses	x	10 hours	=	600 hours
	Change	0 responses	x	0 hours	=	0 hours
Large Private Equity Fund Advisers	Proposed Estimate			Not Applicable		
	Final Estimate	20 responses	x	5 hours	=	100 hours
	Previously Approved	20 responses	x	5 hours	=	100 hours
	Change	0 responses	x	0 hours	=	0 hours

**Note:**

- Subsequent to the 2022 Joint Form PF Proposing Release, the SEC adopted amendments to Form PF, which added Form PF section 5 (Current report for large hedge fund advisers to qualifying hedge funds) and section 6 (Quarterly report for advisers to private equity funds) to Form PF. *See* May 2023 SEC Form PF Amending Release, *supra* footnote 4, at section V for proposed and final estimates for current reporting and private equity event reporting. We did not propose any changes to these sections in the 2022 Joint Form PF Proposing Release and are not adopting any changes to these sections in this Release.

**Table 5: Annual Hour Burden Estimates for Transition Filings, Final Filings, and Temporary Hardship Requests**

<b>Filing Type<sup>1</sup></b>		<b>Aggregate Number of Responses<sup>2</sup></b>		<b>Hours Per Response</b>	<b>=</b>	<b>Aggregate Hours<sup>3</sup></b>
<b>Transition Filing from Quarterly to Annual</b>	<b>Proposed Estimate</b>	68 responses <sup>4</sup>	x	0.25 hours	=	17 hours
	<b>Final Estimate</b>	69 responses <sup>5</sup>	x	0.25 hours	=	17.25 hours
	<b>Previously Approved</b>	71 responses	x	0.25 hours	=	17.75 hours
	<b>Change</b>	(2) responses		0 hours		(0.50) hours
<b>Final Filings</b>	<b>Proposed Estimate</b>	233 responses <sup>6</sup>	x	0.25 hours	=	58.25 hours
	<b>Final Estimate</b>	243 responses <sup>7</sup>	x	0.25 hours	=	60.75 hours
	<b>Previously Approved</b>	235 responses	x	0.25 hours	=	58.75 hours
	<b>Change</b>	8 responses		0 hours		2 hours
<b>Temporary Hardship Requests</b>	<b>Proposed Estimate</b>	3 responses <sup>8</sup>	x	1 hour	=	3 hours
	<b>Final Estimate</b>	4 responses <sup>9</sup>	x	1 hour	=	4 hours
	<b>Previously Approved</b>	4 responses	x	1 hour	=	4 hours
	<b>Change</b>	0 responses		0 hours		0 hours

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**Notes:**

1. Advisers make limited Form PF filings in three situations. First, any adviser that transitions from filing quarterly to annually because it has ceased to qualify as a large hedge fund adviser or large liquidity fund adviser, must file a Form PF indicating that it is no longer obligated to report on a quarterly basis. Second, any adviser that is no longer subject to Form PF's reporting requirements, must file a final filing indicating this. Third, an adviser may request a temporary hardship exemption if it encounters unanticipated technical difficulties that prevent it from making a timely electronic filing. A temporary hardship exemption extends the deadline for an electronic filing for seven business days. To request a temporary hardship exemption, the adviser must file a request on Form PF. The final rule amends how advisers file temporary hardship exemption requests, as discussed in section II.E of this Release; however, the amendment will not result in any changes to the hours per response.
2. Changes to the aggregate number of responses are due to using updated data.
3. Changes to the aggregate hours are due to the changes in the aggregate number of responses.
4. In the case of the proposed estimates, Private Funds Statistics show 616 advisers filed quarterly reports in the third quarter of 2021. Based on filing data from the last five years, an average of 11.1% of them filed a transition filing. ( $616 \times 0.111 = 68$  responses.)
5. In the case of the final estimates, Private Funds Statistics show 591 advisers filed quarterly reports in the first quarter of 2023. Based on filing data from the last five years, an average of 11.7% of them filed a transition filing. ( $591 \times 0.117 = 69$  responses.)
6. In the case of the proposed estimates, Private Funds Statistics show 3,379 advisers filed Form PF in the third quarter of 2021. Based on filing data from the last five years, an average of 6.9% of them filed a final filing. ( $3,379 \times 0.069 =$  approximately 233 responses.)
7. In the case of the final estimates, Private Funds Statistics show 3,791 advisers filed Form PF in the first quarter of 2023. Based on filing data from the last five years, an average of 6.4% of them filed a final filing. ( $3,791 \times 0.064 =$  approximately 243 responses.)
8. In the case of the proposed estimates, based on experience receiving temporary hardship requests, we estimate that 1 out of 1,000 advisers will file a temporary hardship exemption annually. Private Funds Statistics show 3,379 advisers filed Form PF in the third quarter of 2021. ( $3,379 / 1,000 =$  approximately 3 responses.)
9. In the case of the final estimates, based on experience receiving temporary hardship requests, we estimate that 1 out of 1,000 advisers will file a temporary hardship exemption annually. Private Funds Statistics show 3,791 advisers filed Form PF in the first quarter of 2023. ( $3,791 / 1,000 =$  approximately 4 responses.)

#### **d. Annual Monetized Time Burden Estimates**

Below are tables with annual monetized time burden proposed and final estimates for (1) initial filings, (2) ongoing annual and quarterly filings, (3) current reporting and private equity event reporting, and (4) transition filings, final filings, and temporary hardship requests.<sup>700</sup>

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<sup>700</sup> The hourly wage rates used in our proposed and final estimates are based on (1) SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, modified by SEC staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead; and (2) SIFMA's *Office Salaries in the Securities Industry 2013*, modified by SEC staff to account for an 1,800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead. The final estimates are based on the preceding SIFMA data sets, which SEC staff have updated since the proposing release to account for current inflation rates.

**Table 6: Annual Monetized Time Burden of Initial Filings**

<b>Respondent<sup>1</sup></b>		<b>Per Response<sup>2</sup></b>	<b>Per Response Amortized Over 3 years<sup>3</sup></b>		<b>Aggregate Number of Responses<sup>4</sup></b>	<b>Aggregate Monetized Time Burden Amortized Over 3 Years</b>
<b>Smaller Private Fund Advisers</b>	<b>Proposed Estimate</b>	\$18,250 <sup>5</sup>	÷ 3 =	\$6,083	x	309 responses = \$1,879,647
	<b>Final Estimate</b>	\$21,340 <sup>6</sup>	÷ 3 =	\$7,113	x	374 responses = \$2,660,262
	<b>Previously Approved</b>	\$15,520	÷ 3 =	\$5,174	x	358 responses = \$1,852,292
	<b>Change</b>	\$5,820		\$1,939		16 responses = \$807,970
<b>Large Hedge Fund Advisers</b>	<b>Proposed Estimate</b>	\$118,680 <sup>7</sup>	÷ 3 =	\$39,560	x	15 responses = \$593,400
	<b>Final Estimate</b>	\$139,080 <sup>8</sup>	÷ 3 =	\$46,360	x	14 responses = \$649,040
	<b>Previously Approved</b>	\$118,890	÷ 3 =	\$39,630	x	16 responses = \$634,080
	<b>Change</b>	\$20,190		\$6,730		(2) responses = \$14,960
<b>Large Liquidity Fund Advisers</b>	<b>Proposed Estimate</b>	\$72,240 <sup>9</sup>	÷ 3 =	\$24,080	x	1 response = \$24,080
	<b>Final Estimate</b>	\$83,792 <sup>10</sup>	÷ 3 =	\$27,931	x	1 response = \$27,931
	<b>Previously Approved</b>	\$73,200	÷ 3 =	\$24,400	x	1 response = \$24,400
	<b>Change</b>	\$10,592		\$3,531		0 responses = \$3,531
<b>Large Private Equity Fund Advisers</b>	<b>Proposed Estimate</b>	\$72,240 <sup>11</sup>	÷ 3 =	\$24,080	x	13 responses = \$313,040
	<b>Final Estimate</b>	\$102,868 <sup>12</sup>	÷ 3 =	\$34,289	x	18 responses = \$617,202
	<b>Previously Approved</b>	\$92,221	÷ 3 =	\$30,740	x	17 responses = \$522,580
	<b>Change</b>	\$10,647		\$3,549		1 response = \$94,622

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**Notes:**

1. We expect that the monetized time burden will be most significant for the initial report, for the same reasons discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. Accordingly, we anticipate that the initial report will require more attention from senior personnel, including compliance managers and senior risk management specialists, than will ongoing annual and quarterly filings. Changes are due to using (1) updated hours per response estimates, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings, (2) updated aggregate number of responses, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings, and (3) updated wage estimates.
2. For the hours per response in each calculation, *see* Table 2: Annual Hour Burden Estimates for Initial Filings.
3. We amortize the monetized time burden for initial filings over three years, as we do with other initial burdens in this PRA, because we believe that most of the burden will be incurred in the initial filing.
4. *See* Table 2: Annual Hour Burden Estimates for Initial Filings.
5. In the case of the proposed estimates, for smaller private fund advisers, we estimate that the initial report will most likely be completed equally by a compliance manager at a cost of \$339 per hour and a senior risk management specialist at a cost of \$391 per hour.  $((\$339 \text{ per hour} \times 0.5) + (\$391 \text{ per hour} \times 0.5)) \times 50 \text{ hours per response} = \$18,250$ .
6. In the case of the final estimates, for smaller private fund advisers, we estimate that the initial report will most likely be completed equally by a compliance manager at a cost of \$360 per hour and a senior risk management specialist at a cost of \$416 per hour.  $((\$360 \text{ per hour} \times 0.5) + (\$416 \text{ per hour} \times 0.5)) \times 55 \text{ hours per response} = \$21,340$ .
7. In the case of the proposed estimates, for large hedge fund advisers, we estimate that for the initial report, of a total estimated burden of 345 hours, approximately 60% will most likely be performed by compliance professionals and 40% will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 207 hours for compliance professionals and approximately 138 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of \$339 per hour and a senior risk management specialist at a cost of \$391 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of \$362 per hour and a programmer analyst at a cost of \$263 per hour.  $((\$339 \text{ per hour} \times 0.5) + (\$391 \text{ per hour} \times 0.5)) \times 207 \text{ hours} = \$75,555$ .  $((\$362 \text{ per hour} \times 0.5) + (\$263 \text{ per hour} \times 0.5)) \times 138 \text{ hours} = \$43,125$ .  $\$75,555 + \$43,125 = \$118,680$ .
8. In the case of the final estimates, for large hedge fund advisers, we estimate that for the initial report, of a total estimated burden of 380 hours, approximately 60% will most likely be performed by compliance professionals and 40% will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 228 hours for compliance professionals and approximately 152 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of \$360 per hour and a senior risk management specialist at a cost of \$416 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of \$386 per hour and a programmer analyst at a cost of \$280 per hour.  $((\$360 \text{ per hour} \times 0.5) + (\$416 \text{ per hour} \times 0.5)) \times 228 \text{ hours} = \$88,464$ .  $((\$386 \text{ per hour} \times 0.5) + (\$280 \text{ per hour} \times 0.5)) \times 152 \text{ hours} = \$50,616$ .  $\$88,464 + \$50,616 = \$139,080$ .
9. In the case of the proposed estimates, for large liquidity fund advisers, we estimate that for the initial report, of a total estimated burden of 210 hours, approximately 60% will most likely be performed by compliance professionals and approximately 40% will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 126 hours for compliance professionals and 84 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of \$339 per hour and a senior risk management specialist at a cost of \$391 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of \$362 per hour and a programmer analyst at a cost of \$263 per hour.  $((\$339 \text{ per hour} \times 0.5) + (\$391 \text{ per hour} \times 0.5)) \times 126 \text{ hours} = \$45,990$ .  $((\$362 \text{ per hour} \times 0.5) + (\$263 \text{ per hour} \times 0.5)) \times 84 \text{ hours} = \$26,250$ .  $\$45,990 + \$26,250 = \$72,240$ .
10. In the case of the final estimates, for large liquidity fund advisers, we estimate that for the initial report, of a total estimated burden of 229 hours, approximately 60% will most likely be performed by compliance professionals and approximately 40% will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 137 hours for compliance professionals and 92 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of \$360 per hour and a senior risk management

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specialist at a cost of \$416 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of \$386 per hour and a programmer analyst at a cost of \$280 per hour.  $((\$360 \text{ per hour} \times 0.5) + (\$416 \text{ per hour} \times 0.5)) \times 137 \text{ hours} = \$53,156$ .  $((\$386 \text{ per hour} \times 0.5) + (\$280 \text{ per hour} \times 0.5)) \times 92 \text{ hours} = \$30,636$ .  $\$53,156 + \$30,636 = \$83,792$ .

11. In the case of the proposed estimates, for large private equity fund advisers, we expect that for the initial report, of a total estimated burden of 210 hours, approximately 60% will most likely be performed by compliance professionals and approximately 40% will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 126 hours for compliance professionals and 84 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of \$339 per hour and a senior risk management specialist at a cost of \$391 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of \$362 per hour and a programmer analyst at a cost of \$263 per hour.  $((\$339 \text{ per hour} \times 0.5) + (\$391 \text{ per hour} \times 0.5)) \times 126 \text{ hours} = \$45,990$ .  $((\$362 \text{ per hour} \times 0.5) + (\$263 \text{ per hour} \times 0.5)) \times 84 \text{ hours} = \$26,250$ .  $\$45,990 + \$26,250 = \$72,240$ .
12. In the case of the final estimates, for large private equity fund advisers, we expect that for the initial report, of a total estimated burden of 281 hours, approximately 60% will most likely be performed by compliance professionals and approximately 40% will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 169 hours for compliance professionals and 112 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of \$360 per hour and a senior risk management specialist at a cost of \$416 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of \$386 per hour and a programmer analyst at a cost of \$280 per hour.  $((\$360 \text{ per hour} \times 0.5) + (\$416 \text{ per hour} \times 0.5)) \times 169 \text{ hours} = \$65,572$ .  $((\$386 \text{ per hour} \times 0.5) + (\$280 \text{ per hour} \times 0.5)) \times 112 \text{ hours} = \$37,296$ .  $\$65,572 + \$37,296 = \$102,868$ .

**Table 7: Annual Monetized Time Burden of Ongoing Annual and Quarterly Filings**

<b>Respondent<sup>1</sup></b>		<b>Per Response<sup>2</sup></b>		<b>Aggregate Number of Responses</b>		<b>Aggregate Monetized Time Burden</b>
<b>Smaller Private Fund Advisers</b>	<b>Proposed Estimate</b>	\$6,040 <sup>3</sup>	X	2,085 responses <sup>4</sup>	=	\$12,593,400
	<b>Final Estimate</b>	\$7,062 <sup>5</sup>	X	2,376 responses <sup>6</sup>	=	\$16,779,312
	<b>Previously Approved</b>	\$4,815	X	2,258 responses	=	\$10,872,270
	<b>Change</b>	\$2,247		118 responses		\$5,907,042
<b>Large Hedge Fund Advisers</b>	<b>Proposed Estimate</b>	\$48,320 <sup>7</sup>	X	2,308 responses <sup>8</sup>	=	\$111,522,560
	<b>Final Estimate</b>	\$56,496 <sup>9</sup>	X	2,224 responses <sup>10</sup>	=	\$125,647,104
	<b>Previously Approved</b>	\$48,150	X	2,328 responses	=	\$112,093,200
	<b>Change</b>	\$8,346		(104) responses		\$13,553,904
<b>Large Liquidity Fund Advisers</b>	<b>Proposed Estimate</b>	\$22,650 <sup>11</sup>	X	92 responses <sup>12</sup>	=	\$2,083,800
	<b>Final Estimate</b>	\$27,606 <sup>13</sup>	X	80 responses <sup>14</sup>	=	\$2,208,480
	<b>Previously Approved</b>	\$22,470	X	84 responses	=	\$1,887,480
	<b>Change</b>	\$5,136		(4) responses		\$321,000
<b>Large Private Equity Fund Advisers</b>	<b>Proposed Estimate</b>	\$31,710 <sup>15</sup>	X	356 responses <sup>16</sup>	=	\$11,288,760
	<b>Final Estimate</b>	\$46,545 <sup>17</sup>	X	432 responses <sup>18</sup>	=	\$20,107,440
	<b>Previously Approved</b>	\$41,730	X	418 responses	=	\$17,443,140
	<b>Change</b>	\$4,815		14 responses		\$2,664,300

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**Notes:**

1. We expect that the monetized time burden will be less costly for ongoing annual and quarterly reports than for initial reports, for the same reasons discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. Accordingly, we anticipate that senior personnel will bear less of the reporting burden than they would for the initial report. Changes are due to using (1) updated wage estimates, (2) updated hours per response estimates, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings, and (3) updated number of respondents, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. Changes to estimates concerning large liquidity fund advisers primarily appear to be due to correcting a calculation error, as discussed below.
2. For all types of respondents, in the case of the proposed estimates, we estimate that both annual and quarterly reports would be completed equally by (1) a compliance manager at a cost of \$339 per hour, (2) a senior compliance examiner at a cost of \$260, (3) a senior risk management specialist at a cost of \$391 per hour, and (4) a risk management specialist at a cost of \$218 an hour.  $(\$339 \times 0.25 = \$84.75) + (\$260 \times 0.25 = \$65) + (\$391 \times 0.25 = \$97.75) + (\$218 \times 0.25 = \$54.50) = \$302$ . In the case of the final estimates, we estimate that both annual and quarterly reports would be completed equally by (1) a compliance manager at a cost of \$360 per hour, (2) a senior compliance examiner at a cost of \$276, (3) a senior risk management specialist at a cost of \$416 per hour, and (4) a risk management specialist at a cost of \$232 an hour.  $(\$360 \times 0.25 = \$90) + (\$276 \times 0.25 = \$69) + (\$416 \times 0.25 = \$104) + (\$232 \times 0.25 = \$58) = \$321$ . To calculate the cost per response for each respondent, we used the hours per response from Table 2: Annual Hour Burden Estimates for Initial Filings.
3. In the case of the proposed estimates, cost per response for smaller private fund advisers: ( $\$302$  per hour x 20 hours per response =  $\$6,040$  per response.)
4. In the case of the proposed estimates, (2,085 smaller private fund advisers x 1 response annually = 2,085 aggregate responses.)
5. In the case of the final estimates, cost per response for smaller private fund advisers: ( $\$321$  per hour x 22 hours per response =  $\$7,062$  per response.)
6. In the case of the final estimates, (2,376 smaller private fund advisers x 1 response annually = 2,376 aggregate responses.)
7. In the case of the proposed estimates, cost per response for large hedge fund advisers: ( $\$302$  per hour x 160 hours per response =  $\$48,320$  per response.)
8. In the case of the proposed estimates, (577 large hedge fund advisers x 4 responses annually = 2,308 aggregate responses.)
9. In the case of the final estimates, cost per response for large hedge fund advisers: ( $\$321$  per hour x 176 hours per response =  $\$56,496$  per response.)
10. In the case of the final estimates, (556 large hedge fund advisers x 4 responses annually = 2,224 aggregate responses.)
11. In the case of the proposed estimates, cost per response for large liquidity fund advisers: ( $\$302$  per hour x 75 hours per response =  $\$22,650$  per response.)
12. In the case of the proposed estimates, (23 large liquidity fund advisers x 4 responses annually = 92 aggregate responses.)
13. In the case of the final estimates, cost per response for large liquidity fund advisers: ( $\$321$  per hour x 86 hours per response =  $\$27,606$  per response.)
14. In the case of the final estimates, (20 large liquidity fund advisers x 4 responses annually = 80 aggregate responses.)
15. In the case of the proposed estimates, cost per response for large private equity fund advisers: ( $\$302$  per hour x 105 hours per response =  $\$31,710$  per response.)
16. In the case of the proposed estimates, (356 private equity fund advisers x 1 response annually = 356 aggregate responses.)
17. In the case of the final estimates, cost per response for large private equity fund advisers: ( $\$321$  per hour x 145 hours per response =  $\$46,545$  per response.)
18. In the case of the final estimates, (432 private equity fund advisers x 1 response annually = 432 aggregate responses.)



**Table 8: Annual Monetized Time Burden of Current Reporting and Private Equity Event Reporting<sup>1</sup>**

Respondent		Per Response		Aggregate Number of Responses		Aggregate Monetized Time Burden
Smaller Private Fund Advisers	Proposed Estimate			Not Applicable		
	Final Estimate	\$2,024	x	20 responses	=	\$40,480
	Previously Approved	\$2,024	x	20 responses	=	\$40,480
	Change	\$0	x	0 responses	=	\$0
Large Hedge Fund Advisers	Proposed Estimate			Not Applicable		
	Final Estimate	\$5,160	x	60 responses	=	\$309,600
	Previously Approved	\$5,160	x	60 responses	=	\$309,600
	Change	\$0	x	0 responses	=	\$0
Large Private Equity Fund Advisers	Proposed Estimate			Not Applicable		
	Final Estimate	\$2,024	x	20 responses	=	\$40,480
	Previously Approved	\$2,024	x	20 responses	=	\$40,480
	Change	\$0	x	0 responses	=	\$0

**Note:**

- Subsequent to the 2022 Joint Form PF Proposing Release, the SEC adopted amendments to Form PF, which added Form PF section 5 (Current report for large hedge fund advisers to qualifying hedge funds) and section 6 (Quarterly report for advisers to private equity funds) to Form PF. See May 2023 SEC Form PF Amending Release, *supra* footnote 4, at section V for proposed and final estimates for current reporting and private equity event reporting. We did not propose any changes to these sections in the 2022 Joint Form PF Proposing Release and are not adopting any changes to these sections in this Release.

**Table 9: Annual Monetized Time Burden for Transition Filings, Final Filings, and Temporary Hardship Requests**

Filing Type <sup>1</sup>		Per Response		Aggregate Number of Responses <sup>2</sup>		Aggregate Monetized Time Burden
Transition Filing from Quarterly to Annual	<b>Proposed Estimate</b>	\$19.25 <sup>3</sup>	x	68 responses	=	\$1,309
	<b>Final Estimate</b>	\$20.50 <sup>4</sup>	x	69 responses	=	\$1,414.50
	<b>Previously Approved</b>	\$20.50	x	71 responses	=	\$1,455.50
	<b>Change</b>	\$0		(2) responses		(\$41)
Final Filings	<b>Proposed Estimate</b>	\$19.25 <sup>5</sup>	x	233 responses	=	\$4,485.25
	<b>Final Estimate</b>	\$20.50 <sup>6</sup>	x	243 responses	=	\$4,981.50
	<b>Previously Approved</b>	\$20.50	x	235 responses	=	\$4,817.50
	<b>Change</b>	\$0		8 responses		\$164
Temporary Hardship Requests	<b>Proposed Estimate</b>	\$237.50 <sup>7</sup>	x	3 responses	=	\$712.50
	<b>Final Estimate</b>	\$252.38 <sup>8</sup>	x	4 responses	=	\$1,009.52
	<b>Previously Approved</b>	\$252.38	x	4 responses	=	\$1,099.52
	<b>Change</b>	\$0		0 responses		(\$90)

**Notes:**

1. All changes are due to using updated data concerning wage rates and the number of responses.
2. See Table 5: Annual Hour Burden Estimates for Transition Filings, Final Filings, and Temporary Hardship Requests.
3. In the case of the proposed estimates, we estimate that each transition filing will take 0.25 hours and that a compliance clerk would perform this work at a cost of \$77 an hour. (0.25 hours x \$77 = \$19.25.)
4. In the case of the final estimates, we estimate that each transition filing will take 0.25 hours and that a compliance clerk would perform this work at a cost of \$82 an hour. (0.25 hours x \$82 = \$20.50.)
5. In the case of the proposed estimates, we estimate that each final filing will take 0.25 hours and that a compliance clerk would perform this work at a cost of \$77 an hour. (0.25 hours x \$77 = \$19.25.)
6. In the case of the final estimates, we estimate that each final filing will take 0.25 hours and that a compliance clerk would perform this work at a cost of \$82 an hour. (0.25 hours x \$82 = \$20.50.)
7. In the case of the proposed estimates, we estimate that each temporary hardship request will take 1 hour. We estimate that a compliance manager would perform five-eighths of the work at a cost of \$339 and a general clerk would perform three-eighths of the work at a cost of \$68. (1 hour x ((5/8 of an hour x \$339 = \$212) + (3/8 of an hour x \$68 = \$25.50)) = \$237.50 per response.
8. In the case of the final estimates, we estimate that each temporary hardship request will take 1 hour. We estimate that a compliance manager would perform five-eighths of the work at a cost of \$360 and a general clerk would perform three-eighths of the work at a cost of \$73. (1 hour x ((5/8 of an hour x \$360 = \$225) + (3/8 of an hour x \$73 = \$27.38)) = \$252.38 per response.

**e. Annual External Cost Burden Estimates**

Below are tables with annual external cost burden estimates for (1) initial filings, (2) ongoing annual and quarterly filings, and (3) current reporting and private equity event reporting. There are no filing fees for transition filings, final filings, or temporary hardship requests and we continue to estimate there would be no external costs for those filings, as previously approved.

**Table 10: Annual External Cost Burden for Ongoing Annual and Quarterly Filings as well as Initial Filings**

Respondent <sup>1</sup>	Number of Responses Per Respondent <sup>2</sup>	Filing Fee Per Filing <sup>3</sup>	Total Filing Fees	External Cost of Initial Filing <sup>4</sup>	External Cost of Initial Filing Amortized Over 3 Years <sup>5</sup>	Number of Initial Filings <sup>6</sup>	Aggregate External Cost of Initial Filing Amortized Over 3 Years <sup>7</sup>	Total Aggregate External Cost <sup>8</sup>	
Smaller Private Fund Advisers	Proposed Estimate	1 X	\$150 =	\$150	\$10,000 ÷ 3 =	\$3,333 x	309 =	\$1,029,897	\$1,388,997 <sup>9</sup>
	Final Estimate	1 X	\$150 =	\$150	\$10,000 ÷ 3 =	\$3,333 x	374 =	\$1,246,542	\$1,659,042 <sup>10</sup>
	Previously Approved	1 X	\$150 =	\$150	Not Applicable				\$392,400
	Change	0	\$0	\$0	Not Applicable				\$1,266,642
Large Hedge Fund Advisers	Proposed Estimate	4 X	\$150 =	\$600	\$50,000 ÷ 3 =	\$16,667 x	15 =	\$250,005	\$605,205 <sup>11</sup>
	Final Estimate	4 X	\$150 =	\$600	\$70,000 ÷ 3 =	\$23,333 x	14 =	\$326,662	\$668,662 <sup>12</sup>
	Previously Approved	4 X	\$150 =	\$600	\$50,000 ÷ 3 =	\$16,667 x	16 =	\$266,672	\$625,472
	Change	0	\$0	\$0	\$20,000	\$6,666	(2)	\$59,990	\$43,190
Large Liquidity Fund Advisers	Proposed Estimate	4 X	\$150 =	\$600	\$50,000 ÷ 3 =	\$16,667 x	1 =	\$16,667	\$31,067 <sup>13</sup>
	Final Estimate	4 X	\$150 =	\$600	\$50,000 ÷ 3 =	\$16,667 x	1 =	\$16,667	\$29,267 <sup>14</sup>
	Previously Approved	4 X	\$150 =	\$600	\$50,000 ÷ 3 =	\$16,667 x	1 =	\$16,667	\$29,867
	Change	0	\$0	\$0	\$0	\$0	0	\$0	(\$600)
Large Private Equity Fund Advisers	Proposed Estimate	1 X	\$150 =	\$150	\$50,000 ÷ 3 =	\$16,667 x	13 =	\$216,671	\$272,021 <sup>15</sup>
	Final Estimate	1 X	\$150 =	\$150	\$50,000 ÷ 3 =	\$16,667 x	18 =	\$300,006	\$367,656 <sup>16</sup>
	Previously Approved	1 X	\$150 =	\$150	\$50,000 ÷ 3 =	\$16,667 x	17 =	\$283,339	\$348,589
	Change	0	\$0	\$0	\$0	\$0	9	\$16,667	\$19,067

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**Notes:**

1. We estimate that advisers would incur the cost of filing fees for each filing. For initial filings, advisers may incur costs to modify existing systems or deploy new systems to support Form PF reporting, acquire or use hardware to perform computations, or otherwise process data that Form PF requires.
2. Smaller private fund advisers and large private equity fund advisers file annually. Large hedge fund advisers and large liquidity fund advisers file quarterly.
3. The SEC established Form PF filing fees in a separate order. Since 2011, filing fees have been and continue to be \$150 per annual filing and \$150 per quarterly filing. *See Order Approving Filing Fees for Exempt Reporting Advisers and Private Fund Advisers, Advisers Act Release No. 3305 (Oct. 24, 2011) [76 FR 67004 (Oct. 28, 2011)].*
4. In the previous PRA submission for the rules, staff estimated that the external cost burden for initial filings would range from \$0 to \$50,000 per adviser. This range reflected the fact that the cost to any adviser may depend on how many funds or the types of funds it manages, the state of its existing systems, the complexity of its business, the frequency of Form PF filings, the deadlines for completion, and the amount of information the adviser must disclose on Form PF. Staff also estimated that smaller private fund advisers would be unlikely to bear such costs because the information they must provide is limited and will, in many cases, already be maintained in the ordinary course of business. Given the proposed amendments, we estimate that the external cost burden for smaller private fund advisers would range from \$0 to \$10,000, per smaller private fund adviser. This range reflects the amendments and is designed to reflect that the cost to any smaller private fund adviser may depend on how many funds or the type of funds it manages, the state of its existing systems, and the complexity of its business. We use the upper range to calculate the estimate for smaller private fund advisers: \$10,000. Also, given the amendments, in our proposed estimates, we estimated that the external cost burden for initial filings for large hedge fund advisers, large liquidity fund advisers, and large private equity fund advisers would continue to range from \$0 to \$50,000 for the same reasons as the current estimates for those types of advisers. We used the upper range to calculate the estimates: \$50,000. After considering comments we received, we estimate a range from \$0 to \$70,000 for large hedge fund advisers. We use the upper range to calculate cost burden for initial filings for large hedge fund advisers estimates: \$70,000. We continue to estimate that the external cost burden for initial filings for large liquidity fund advisers, and large private equity fund advisers would continue to range from \$0 to \$50,000 for the same reasons as the current estimates for those types of advisers. We used the upper range to calculate the estimates: \$50,000.
5. We amortize the external cost burden of initial filings over three years, as we do with other initial burdens in this PRA, because we believe that most of the burden will be incurred in the initial filing.
6. *See Table 2: Annual Hour Burden Estimates for Initial Filings.*
7. Changes to the aggregate external cost of initial filings, amortized over three years are due to (1) the proposed amendments and (2) using updated data.
8. Changes to the total aggregate external cost are due to (1) the amendments, (2) using updated data, (3) the amendments to Form PF adopted subsequent to the 2022 Joint Form PF Proposing Release, and (4) comments we received to our estimates.
9. In the case of the proposed estimates, Private Funds Statistics show 2,394 smaller private fund advisers filed Form PF in the third quarter of 2021.  $(2,394 \text{ smaller private fund advisers} \times \$150 \text{ total filing fees}) + \$1,029,897 \text{ aggregate external cost of initial filing amortized over three years} = \$1,388,997 \text{ total aggregate external cost.}$
10. In the case of the final estimates, Private Funds Statistics show 2,750 smaller private fund advisers filed Form PF in the first quarter of 2023.  $(2,750 \text{ smaller private fund advisers} \times \$150 \text{ total filing fees}) + \$1,246,542 \text{ aggregate external cost of initial filing amortized over three years} = \$1,659,042 \text{ total aggregate external cost.}$
11. In the case of the proposed estimates, Private Funds Statistics show 592 large hedge fund advisers filed Form PF in the third quarter of 2021.  $(592 \text{ large hedge fund advisers} \times \$600 \text{ total filing fees}) + \$250,005 \text{ aggregate external cost of initial filing amortized over three years} = \$605,205 \text{ total aggregate external cost.}$
12. In the case of the final estimates, Private Funds Statistics show 570 large hedge fund advisers filed Form PF in the first quarter of 2023.  $(570 \text{ large hedge fund advisers} \times \$600 \text{ total filing fees}) + \$326,662 \text{ aggregate external cost of initial filing amortized over three years} = \$668,662 \text{ total aggregate external cost.}$
13. In the case of the proposed estimates, Private Funds Statistics show 24 large liquidity fund advisers filed Form PF in the third quarter of 2021.  $(24 \text{ large liquidity fund advisers} \times \$600 \text{ total filing fees}) + \$16,667 \text{ aggregate external cost of initial filing amortized over three years} = \$31,067 \text{ total aggregate external cost.}$
14. In the case of the final estimates, Private Funds Statistics show 21 large liquidity fund advisers filed Form PF in the first quarter of 2023.  $(21 \text{ large liquidity fund advisers} \times \$600 \text{ total filing fees}) + \$16,667 \text{ aggregate external cost of initial filing amortized over three years} = \$29,267 \text{ total aggregate external cost.}$

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15. In the case of the proposed estimates, Private Funds Statistics show 369 large private equity fund advisers filed Form PF in the third quarter of 2021.  $(369 \text{ large private equity fund advisers} \times \$150 \text{ total filing fees}) + \$216,671$  aggregate external cost of initial filing amortized over three years =  $\$272,021$  total aggregate external cost.
  16. In the case of the final estimates, Private Funds Statistics show 450 large private equity fund advisers filed Form PF in the first quarter of 2023.  $(450 \text{ large private equity fund advisers} \times \$150 \text{ total filing fees}) + \$300,006$  aggregate external cost of initial filing amortized over three years =  $\$367,506$  total aggregate external cost.

**Table 11: Annual External Cost Burden for Current Reporting and Private Equity Event Reporting<sup>1</sup>**

Respondent	Aggregate Number of Responses	Cost of Outside Counsel Per Current Report or Private Equity Event Report		Aggregate Cost of Outside Counsel	One-time Cost of System Changes	Total Aggregate External Cost		
Smaller Private Fund Advisers	<b>Proposed Estimate</b>		Not Applicable					
	<b>Final Estimate</b>	20	x	\$1,695	=	\$33,900	\$15,000	\$48,900
	<b>Previously Approved</b>	20	x	\$1,695	=	\$33,900	\$15,000	\$48,900
	<b>Change</b>	0		\$0		\$0	\$0	\$0
Large Hedge Fund Advisers	<b>Proposed Estimate</b>		Not Applicable					
	<b>Final Estimate</b>	60	x	\$1,695	=	\$101,700	\$15,000	\$116,700
	<b>Previously Approved</b>	60	x	\$1,695	=	\$101,700	\$15,000	\$116,700
	<b>Change</b>	0		\$0		\$0	\$0	\$0
Large Private Equity Fund Advisers	<b>Proposed Estimate</b>		Not Applicable					
	<b>Final Estimate</b>	20	x	\$1,695	=	\$33,900	\$15,000	\$48,900
	<b>Previously Approved</b>	20	x	\$1,695	=	\$33,900	\$15,000	\$48,900
	<b>Change</b>	0		\$0		\$0	\$0	\$0

**Advisers pay filing fees, the amount of which will be determined in a separate action.**

**Note:**

- Subsequent to the 2022 Joint Form PF Proposing Release, the SEC adopted amendments to Form PF, which added Form PF section 5 (Current report for large hedge fund advisers to qualifying hedge funds) and section 6 (Quarterly report for advisers to private equity funds) to Form PF. See May 2023 SEC Form PF Amending Release, *supra* footnote 4, at section V for proposed and final estimates for current reporting and private equity event reporting. We did not propose any changes to these sections in the 2022 Joint Form PF Proposing Release and are not adopting any changes to these sections in this Release.

## f. Summary of Estimates and Change in Burden

**Table 12: Aggregate Annual Estimates**

Description <sup>1</sup>	Proposed Estimates	Final Estimates	Previously Approved	Change
<b>Respondents</b>	3,379 respondents <sup>2</sup>	3,791 respondents <sup>3</sup>	3,671 respondents	120 respondents <sup>4</sup>
<b>Responses</b>	5,483 responses <sup>5</sup>	5,935 responses <sup>6</sup>	5,907 responses	28 responses <sup>7</sup>
<b>Time Burden</b>	463,296 hours <sup>8</sup>	524,376 hours <sup>9</sup>	451,012 hours	73,364 hours
<b>Monetized Time Burden (Dollars)</b>	\$140,305,194 <sup>10</sup>	\$169,094,737.02 <sup>11</sup>	\$145,721,172.52	\$23,373,564.50
<b>External Cost Burden (Dollars)</b>	\$2,297,290 <sup>12</sup>	\$2,938,977 <sup>13</sup>	\$1,610,828	\$1,328,149

**Notes:**

1. Changes are due to (1) the amendments, (2) using updated data, and (3) in the case of the final estimates subsequent Form PF amendments adopted after the 2022 Joint Form PF Proposing Release and comments we received to our estimates, as described in this PRA.
2. In the case of the proposed estimates, Private Funds Statistics show the following advisers filed Form PF in the third quarter of 2021: 2,394 smaller private fund advisers + 592 large hedge fund advisers + 24 large liquidity fund advisers + 369 large private equity fund advisers = 3,379 advisers.
3. In the case of the final estimates, Private Funds Statistics show the following advisers filed Form PF in the first quarter of 2023: 2,750 smaller private fund advisers + 570 large hedge fund advisers + 21 large liquidity fund advisers + 450 large private equity fund advisers = 3,791 advisers.
4. Changes are due to using updated data.
5. In the case of the proposed estimates, for initial filings (Table 2): (309 smaller private fund adviser responses + 15 large hedge fund adviser responses + 1 large liquidity fund adviser response + 13 large private equity fund adviser responses = 338 responses.) For ongoing annual and quarterly filings (Table 7): (2,085 smaller private fund adviser responses + 2,308 large hedge fund adviser responses + 92 large liquidity fund adviser responses + 356 large private equity fund adviser responses = 4,841 responses.) (338 responses for initial filings + 4,841 responses for ongoing annual and quarterly filings + 68 responses for transition filings + 233 responses for final filings + 3 responses for temporary hardship requests = 5,483 responses.)
6. In the case of the final estimates, for initial filings (Table 2): (374 smaller private fund adviser responses + 14 large hedge fund adviser responses + 1 large liquidity fund adviser response + 18 large private equity fund adviser responses = 407 responses.) For ongoing annual and quarterly filings (Table 7): (2,376 smaller private fund adviser responses + 2,224 large hedge fund adviser responses + 80 large liquidity fund adviser responses + 432 large private equity fund adviser responses = 5,112 responses.) For current reporting and private equity event reporting (Table 8): (20 smaller private fund adviser responses + 60 large hedge fund adviser responses + 20 large private equity fund adviser responses = 100 responses) (407 responses for initial filings + 5,112 responses for ongoing annual and quarterly filings + 100 responses + 69 responses for transition filings + 243 responses for final filings + 4 responses for temporary hardship requests = 5,935 responses.)
7. Changes are due to using updated data concerning the number of filers and, in the case of the final estimates, the inclusion of current reporting and private equity event reporting, which was adopted after the 2022 Joint Form PF Proposing Release, and comments we received to our estimates.
8. In the case of the proposed estimates, for initial filings: (5,253 hours for smaller private fund advisers + 1,725 hours for large hedge fund advisers + 70 hours for large liquidity fund advisers + 910 hours for large private equity fund advisers = 7,958 hours). For ongoing annual and quarterly filings: (41,700 hours for smaller private fund advisers + 369,280 hours for large hedge fund advisers + 6,900 for hours large liquidity fund advisers + 37,380 hours for large private equity fund advisers =

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455,260 hours). (7,958 hours for initial filings + 455,260 for ongoing annual and quarterly filings + 17 hours for transition filings + 58.25 hours for final filings + 3 hours for temporary hardship requests = 463,296 hours.

9. In the case of the final estimates, for initial filings: (6,732 hours for smaller private fund advisers + 1,778 hours for large hedge fund advisers + 76 hours for large liquidity fund advisers + 1,692 hours for large private equity fund advisers = 10,278 hours). For ongoing annual and quarterly filings: (52,272 hours for smaller private fund advisers + 391,424 hours for large hedge fund advisers + 6,880 hours for large liquidity fund advisers + 62,640 hours for large private equity fund advisers = 513,216 hours). For current reporting and private equity event reporting: (100 hours for smaller private fund adviser + 600 hours for large hedge fund adviser + 100 hours for large private equity fund adviser = 800 hours) (10,278 hours for initial filings + 513,216 for ongoing annual and quarterly filings + 800 hours for current reporting and private equity event reporting + 17.25 hours for transition filings + 60.75 hours for final filings + 4 hours for temporary hardship requests = 524,376 hours).
10. In the case of the proposed estimates, for initial filings: (\$1,879,647 for smaller private fund advisers + \$593,400 for large hedge fund advisers + \$24,080 for large liquidity fund advisers + \$313,040 for large private equity fund advisers = \$2,810,167). For ongoing annual and quarterly filings: (\$12,593,400 for smaller private fund advisers + \$111,522,560 for large hedge fund advisers + \$2,083,800 for large liquidity fund advisers + \$11,288,760 for large private equity fund advisers = \$137,488,520). (\$2,810,167 for initial filings + \$137,488,520 for ongoing annual and quarterly filings + \$1,309 for transition filings + \$4,485.25 for final filings + \$712.50 for temporary hardship requests = \$140,305,194).
11. In the case of the final estimates, for initial filings: (\$2,660,262 for smaller private fund advisers + \$649,040 for large hedge fund advisers + \$27,931 for large liquidity fund advisers + \$617,202 for large private equity fund advisers = \$3,954,435). For ongoing annual and quarterly filings: (\$16,779,312 for smaller private fund advisers + \$125,647,104 for large hedge fund advisers + \$2,208,480 for large liquidity fund advisers + \$20,107,440 for large private equity fund advisers = \$164,742,336). For current reporting and private equity event reporting: (\$40,480 for smaller private equity fund advisers + \$309,600 for large hedge fund advisers + \$40,480 for large private equity fund advisers = \$390,560). (\$3,954,435 for initial filings + \$164,742,336 for ongoing annual and quarterly filings + \$390,560 for current reporting and private equity event reporting + \$1,414.50 for transition filings + \$4,982 for final filings + \$1,009.52 for temporary hardship requests = \$169,094,737.02).
12. In the case of the proposed estimates, for the external cost burden: \$1,388,997 for smaller private fund advisers + \$605,205 for large hedge fund advisers + \$31,067 for large liquidity fund advisers + \$272,021 for large private equity fund advisers = \$2,297,290.
13. In the case of the final estimates, for external cost burden for annual, quarterly, and initial filing (\$1,659,042 for smaller private fund advisers + \$668,662 for large hedge fund advisers + \$29,267 for large liquidity fund advisers + \$367,506 for large private equity fund advisers = \$2,724,477). For current reporting: (\$48,900 for smaller private fund advisers + \$116,700 for large hedge funds + \$48,900 for large private equity fund advisers = \$214,500). \$2,724,477 + \$214,500 = \$2,938,977.

## **VI. Regulatory Flexibility Act Certification**

### **CFTC:**

The Regulatory Flexibility Act (“RFA”) requires that when Federal agencies publish a proposed rulemaking pursuant to section 553 of the Administrative Procedure Act, they consider whether the final rule will have a significant economic impact on a substantial number of “small entities.”<sup>701</sup>

Registered CPOs and CTAs that are dually registered as investment advisers with the SEC are only required to file Form PF with the SEC pursuant to the Advisers Act. While CFTC rule 4.27(d) provides that dually registered CPOs and CTAs that file Form PF with the SEC will

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<sup>701</sup> 5 U.S.C. 601, *et. seq.*

be deemed to have filed Form PF with the CFTC, for purposes of any enforcement action regarding any false or misleading statement of material fact in Form PF, the CFTC is not imposing any additional obligation herein beyond what is already required of these entities when filing Form PF with the SEC.

Entities impacted by the Form PF are the SEC's regulated entities and no small entity on its own would meet the Form PF's minimum reporting threshold of \$150 million in regulatory assets under management attributable to private funds. Also, any economic impact imposed by Form PF on small entities registered with both the CFTC and the SEC has been accounted for within the SEC's regulatory flexibility analysis regarding the impact of this collection of information under the RFA. Accordingly, the Chairman, on behalf of the CFTC, hereby certifies pursuant to 5 U.S.C. 605(b) that the final rules will not have a significant economic impact on a substantial number of small entities.

**SEC:**

Pursuant to section 605(b) of the Regulatory Flexibility Act of 1980 ("Regulatory Flexibility Act"),<sup>702</sup> the SEC certified that the proposed amendments to Advisers Act rule 204(b)-1 and Form PF would not, if adopted, have a significant economic impact on a substantial number of small entities. The SEC included this certification in section V of the 2022 Joint Form PF Proposing Release. As discussed in more detail in the 2022 Joint Form PF Proposing Release, for the purposes of the Advisers Act and the Regulatory Flexibility Act, an investment adviser generally is a small entity if it (1) has assets under management having a total value of less than \$25 million, (2) did not have total assets of \$5 million or more on the last day of the most recent fiscal year, and (3) does not control, is not controlled by, and is not under common control with another investment adviser that has assets under management of \$25 million or

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<sup>702</sup> 5 U.S.C. 601, *et. seq.*

more, or any person (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year.<sup>703</sup>

By definition, no small entity on its own would meet rule 204(b)-1 and Form PF's minimum reporting threshold of \$150 million in regulatory assets under management attributable to private funds. Based on Form PF and Form ADV data as of December 2022, the SEC estimates that no small entity advisers are required to file Form PF. The SEC does not have evidence to suggest that any small entities are required to file Form PF but are not filing Form PF. Therefore, the SEC stated in the 2022 Joint Form PF Proposing Release there would be no significant economic impact on a substantial number of small entities from the proposed amendments to Advisers Act rule 204(b)-1 and Form PF.

The SEC requested comment on its certification in section V of the 2022 Joint Form PF Proposing Release. While some commenters addressed the potential impact of the proposed amendments on smaller or mid-size private funds,<sup>704</sup> no commenters responded to this request for comment regarding the SEC's certification. We are adopting the amendments largely as proposed, with certain modifications from the proposal, as discussed more fully above in section II, that do not affect the Advisers Act rule 204(b)-1 and Form PF's minimum reporting threshold. We do not believe that these changes alter the basis upon which the certification in the 2022 Joint Form PF Proposing Release was made. Accordingly, the SEC certifies that the final amendments to Advisers Act rule 204(b)-1 and Form PF will not have a significant economic impact on a substantial number of small entities.

### **Statutory Authority**

#### **CFTC:**

The CFTC authority for this rulemaking is provided by 15 U.S.C. 80b-11.

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<sup>703</sup> 17 CFR 275.0-7.

<sup>704</sup> *See, e.g.*, AIC Comment Letter I; AIMA/ACC Comment Letter; USCC Comment Letter.

**SEC:**

The SEC is amending 17 CFR 275.204(b)-1 pursuant to its authority set forth in sections 204(b) and 211(e) of the Advisers Act [15 U.S.C. 80b-4 and 15 U.S.C. 80b-11], respectively.

The SEC is amending 17 CFR 279.9 pursuant to its authority set forth in sections 204(b) and 211(e) of the Advisers Act [15 U.S.C. 80b-4 and 15 U.S.C. 80b-11], respectively.

**List of Subjects in 17 CFR Parts 275 and 279**

Reporting and recordkeeping requirements, Securities.

For the reasons set forth in the preamble, title 17, chapter II of the Code of Federal Regulations is amended as follows.

**PART 275—RULES AND REGULATIONS, INVESTMENT ADVISERS ACT OF 1940**

1. The general authority citation for part 275 continues to read as follows.

**Authority:** 15 U.S.C. 80b-2(a)(11)(G), 80b-2(a)(11)(H), 80b-2(a)(17), 80b-3, 80b-4, 80b-4a, 80b-6(4), 80b-6a, and 80b-11, unless otherwise noted.

\* \* \* \* \*

2. Amend § 275.204(b)-1 by:

a. Revising paragraph (f)(2)(i) by removing the phrases “in paper format,” and “, Item A of Section 1a and Section 5 of Form PF, checking the box in Section 1a indicating that you are requesting a temporary hardship exemption”;

b. Redesignating paragraph (f)(4) as paragraph (f)(5); and

c. Adding new paragraph (f)(4).

The addition reads as follows:

**§ 275.204(b)-1 Reporting by investment advisers to private funds.**

\* \* \* \* \*

(f) \* \* \*

(4) A request for a temporary hardship exemption is considered filed upon the earlier of the date the request is postmarked or the date it is received by the Commission.

\* \* \* \* \*

**PART 279—FORMS PRESCRIBED UNDER THE INVESTMENT ADVISERS ACT OF 1940**

3. The authority citation for part 279 continues to read as follows:

**Authority:** The Investment Advisers Act of 1940, 15 U.S.C. 80b-1, *et seq.*, Pub. L. 111-203, 124 Stat. 1376.

**§ 279.9 Form PF, reporting by investment advisers to private funds.**

4. Revise Form PF (referenced in § 279.9).

**Note: Form PF is attached as Appendix A to this document. Form PF will not appear in the Code of Federal Regulations.**

**By the Commissions.**

Dated: February 8, 2024.

**Christopher Kirkpatrick,**  
*Secretary, Commodity Futures Trading Commission.*

**Vanessa A. Countryman,**  
*Secretary, Securities and Exchange Commission.*

**6351-01-P; 8011-01p**

Note: The following appendix will not appear in the Code of Federal Regulations.

## Appendix A—Form PF

### FORM PF (Paper Version)

#### Reporting Form for Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors

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#### Form PF: General Instructions

Read these instructions carefully before completing Form PF. Failure to follow these instructions, properly complete Form PF, or pay all required fees may result in your Form PF being delayed or rejected.

In these instructions and in Form PF, “you” means the *private fund adviser* completing or amending this Form PF. If you are a “separately identifiable department or division” (SID) of a bank, “you” means the SID rather than the bank (except as provided in Question 1(a)). Terms that appear in *italics* are defined in the Glossary of Terms to Form PF.

#### 1. Who must complete and file a Form PF?

You must complete and file a Form PF, if:

- A. You are registered or required to register with the *SEC* as an investment adviser;

**OR**

You are registered or required to register with the *CFTC* as a *CPO* or *CTA* and you are also registered or required to register with the *SEC* as an investment adviser;

**AND**

- B. You manage one or more *private funds*.

**AND**

- C. You and your *related persons*, collectively, had at least \$150 million in *private fund assets under management* as of the last day of your most recently completed fiscal year.

Many *private fund advisers* meeting these criteria will be required to complete only Section 1 of Form PF and will need to file only on an annual basis. *Large private fund advisers*, however, will be required to provide additional data, and *large hedge fund advisers* and *large liquidity fund advisers* will need to file every quarter. *Large hedge fund advisers* will need to file a current report in Section 5 and advisers to *private equity funds* will need to file a current report in Section 6, upon certain *current reporting events*. See Instructions 3, 9, and 12 below.

For purposes of determining whether you meet the reporting threshold, you are not required to include the *regulatory assets under management* of any *related person* that is *separately operated*. See Instruction 5 below for more detail.

If your *principal office and place of business* is outside the United States, for purposes of this Form PF you may disregard any *private fund* that, during your last fiscal year, was not a *United States person*, was not offered in the United States, and was not beneficially owned by any *United States person*.

#### 2. I have a *related person* who is required to file Form PF. May I and my *related person* file a single Form PF?

*Related persons* may (but are not required to) report on a single Form PF information with respect to all such *related persons* and the *private funds* they advise. You must identify in your response

to Question 1 the *related persons* as to which you are reporting and, where information is requested about you or the *private funds* you advise, respond as though you and such *related persons* were one *firm*.

### 3. How is Form PF organized?

#### Section 1 – All Form PF filers

Section 1a All *private fund advisers* required to file Form PF must complete Section 1a. Section 1a asks general identifying information about you and the types of *private funds* you advise.

Section 1b All *private fund advisers* required to file Form PF must complete Section 1b. Section 1b asks for certain information regarding the *private funds* that you advise.

Section 1c All *private fund advisers* that are required to file Form PF and advise one or more *hedge funds* must complete Section 1c. Section 1c asks for certain information regarding the *hedge funds* that you advise.

#### Section 2 – Large hedge fund advisers

Section 2 If you and your *related persons*, collectively, had at least \$1.5 billion in *hedge fund assets under management* as of the last day of any month in the fiscal quarter immediately preceding your most recently completed fiscal quarter, you must complete a separate Section 2 with respect to each *qualifying hedge fund* that you advise. You are not required to include the *regulatory assets under management* of any *related person* that is *separately operated*.

In addition, you must complete a separate Section 2 for each *parallel fund* that is part of a *parallel fund structure* that, in the aggregate, comprises a *qualifying hedge fund* (even if that *parallel fund* is not itself a *qualifying hedge fund*); and you must complete a separate Section 2 for the *master fund* of any *master-feeder arrangement* that, in the aggregate, comprises a *qualifying hedge fund* (even if that *master fund* is not itself a *qualifying hedge fund*) in accordance with Instruction 6.

#### Section 3 – Large liquidity fund advisers

Section 3 You are required to complete Section 3 if (i) you advise one or more *liquidity funds* and (ii) as of the last day of any month in the fiscal quarter immediately preceding your most recently completed fiscal quarter, you and your *related persons*, collectively, had at least \$1 billion in *combined money market and liquidity fund assets under management*. You are not required to include the *regulatory assets under management* of any *related person* that is *separately operated*.

You must complete a separate Section 3 with respect to each *liquidity fund* that you advise.

#### **Section 4 – Large private equity fund advisers**

Section 4 You are required to complete Section 4 if you and your *related persons*, collectively, had at least \$2 billion in *private equity fund assets under management* as of the last day of your most recently completed fiscal year. You are not required to include the *regulatory assets under management* of any *related person* that is *separately operated*.

You must complete a separate Section 4 with respect to each *private equity fund* that you advise.

#### **Section 5 – Current report for large hedge fund advisers to qualifying hedge funds**

Section 5 Section 5 is the current reporting form for *large hedge fund advisers to qualifying hedge funds*. You must complete and file Section 5 for any *current reporting event* with respect to a *qualifying hedge fund* you advise.

#### **Section 6 – Quarterly event report for advisers to private equity funds**

Section 6 Section 6 is the quarterly event reporting form about *private equity funds*. You must complete and file Section 6 for any *private equity reporting event* with respect to a *private equity fund* you advise.

#### **Section 7 – Advisers requesting a temporary hardship exemption**

Section 7 See Instruction 14 for details.

### **4. I am a subadviser or engage a subadviser for a private fund. Who is responsible for reporting information about that private fund?**

Only one *private fund adviser* should complete and file Form PF for each *private fund*. If the adviser that filed *Form ADV Section 7.B.1* with respect to any *private fund* is required to file Form PF, the same adviser must also complete and file Form PF for that *private fund*. If the adviser that filed *Form ADV Section 7.B.1* with respect to any *private fund* is not required to file Form PF (e.g., because it is an *exempt reporting adviser*) and one or more other advisers to the fund is required to file Form PF, another adviser must complete and file Form PF for that *private fund*.

Where a question requests aggregate information regarding the *private funds* that you advise, you should only include information regarding the *private funds* for which you are filing Section 1b of Form PF.

### **5. For purposes of determining whether I meet any reporting threshold, when am I required to aggregate information regarding parallel funds, parallel managed accounts, master-feeder arrangements, and funds managed by related persons?**

- You must aggregate any *private funds* that are part of the same *master-feeder arrangement* (even if you did not, or were not permitted to, aggregate these *private funds* for purposes of *Form ADV Section 7.B.1*).
- You must aggregate any *private funds* that are part of the same *parallel fund structure*.
- Any *dependent parallel managed account* must be aggregated with the largest *private fund* to which that *dependent parallel managed account* relates.
- You must treat any *private fund* or *parallel managed account* advised by any of your *related persons* as though it were advised by you (including *related persons* that you have not identified in Question 1(b) as *related persons* for which you are filing Form PF, though you may exclude *related persons* that are *separately operated*). Where you are aggregating *dependent parallel managed accounts* to determine whether you meet a reporting threshold, assets held in the accounts should be treated as assets of the *private funds* with which they are aggregated.

**6. How do I report information regarding parallel funds, parallel managed accounts, master-feeder arrangements, and funds reported by related persons?**

You must separately report each component fund of *master-feeder arrangements* and *parallel fund structures*. However:

- Do not report a *feeder fund* that invests all of its assets in (i) a single *master fund*, (ii) U.S. treasury bills, and/or (iii) *cash and cash equivalents* (i.e., a disregarded *feeder fund*). In reporting a *master fund*, you must identify whether each *feeder fund* is a disregarded *feeder fund* in Question 7 and “look through” to any disregarded *feeder funds*’ investors in responding to Questions 21 – 22, 51 – 53, and 59 – 64.
- Do not report information regarding *parallel managed accounts* (except in Question 16).
- Report information for any *private fund* advised by any of your *related persons* unless you have identified that *related person* in Question 1(b) as a *related person* for which you are filing Form PF.

*Example 1.*

You advise a *master-feeder arrangement* with two *feeder funds*. *Feeder fund X* has invested \$500 in the *master fund* and holds a *foreign exchange derivative* with a notional value of \$100. *Feeder fund Y* invests \$200 in the *master fund* and has no other assets or liabilities, except cash. The *master fund* has used the \$700 received from the *feeder funds* to invest in *corporate bonds*. None of these funds has any other assets or liabilities.

For purposes of determining whether any of the funds comprises a *qualifying hedge fund*, this *master-feeder arrangement* should be treated as a single *private fund* whose only investments are \$700 in *corporate bonds* and a *foreign exchange derivative* with a notional value of \$100.

For reporting purposes, if the aggregated *master-feeder arrangement* comprises a *qualifying hedge fund*, the *master fund* is reported as a *qualifying hedge fund* (complete Section 2 (even if is not a *qualifying hedge fund* by itself) and report *feeder fund X* and *feeder fund Y* as *internal private fund* investors in Question 7).

A separate report for *feeder fund X* is required because the fund holds assets in addition to its investment in the *master fund* and *cash and cash equivalents* (complete Section 1b and 1c). Further, if *feeder fund X* meets the threshold to be a *qualifying hedge fund*, it also must be reported as a *qualifying hedge fund* (complete Section 2 and Section 5, as applicable). In determining the *feeder fund*’s reporting threshold, you should include all assets and liabilities of the *feeder fund*, except for any assets invested in the *master fund*.

A separate report is not required for *feeder fund Y* because it invests in a single *master fund* and has no other assets or liabilities except cash.

*Example 2.*

You advise a *parallel fund structure* consisting of two *hedge funds*, named *parallel fund A* and *parallel fund B*. You also advise a related *dependent parallel managed account*. The account and each fund have invested in *corporate bonds* of Company X and have no other assets or liabilities. The value of *parallel fund A*’s investment is \$400, the value of *parallel fund B*’s investment is \$300 and the value of the *dependent parallel managed account*’s investment is \$200. For purposes of determining whether either of the *parallel funds* is a *qualifying hedge fund*, the entire *parallel fund structure* and the related *dependent parallel managed*

*account* should be treated as a single *private fund* whose only asset is \$900 of *corporate bonds* issued by Company X.

For reporting purposes, both *parallel fund A* and *parallel fund B* must be reported separately (for each of *parallel fund A* and *B*, complete Sections 1b and 1c, Section 2, and Section 5, as applicable, if the *parallel fund structure* is a *qualifying hedge fund*). You would disregard the value of the investment by the *dependent parallel managed account* when reporting for *parallel fund A* and *B*, and instead, report the value of that investment (\$200) in Question 16 for the largest *parallel fund*, *parallel fund A*.

**7. I advise a *private fund* that invests in other *private funds* (e.g., a “fund of funds”) or trading vehicles. How should I treat these investments for purposes of Form PF?**

Reporting thresholds. You must include the value of *private fund* investments in other *private funds* in determining whether you are required to file Form PF and whether you meet thresholds for filing as a *large hedge fund adviser*, *large liquidity fund adviser*, or *large private equity fund adviser* and whether a *reporting fund* is a *qualifying hedge fund*.

Funds that invest 80% or more of their assets in other *private funds*. If you advise a *private fund* that (i) invests 80% or more of its assets in the equity of *private funds* (including *internal private funds* and *external private funds*) and (ii) aside from such *private fund* investments, holds only *cash and cash equivalents* and instruments acquired for the purpose of hedging currency exposure, then you are only required to complete Section 1b for that fund.

Trading vehicles. If the *reporting fund* holds assets, incurs leverage, or conducts trading or other activities through a *trading vehicle*, you must identify the *trading vehicle* in Section 1b, Question 7(b), and report answers on an aggregated basis for the *reporting fund* and such *trading vehicle*. You must include (look through to) the *trading vehicle*'s holdings, adjusted for the *reporting fund*'s percentage ownership of the *trading vehicle*, for all questions answered by the *reporting fund*.

Responding to questions. Except as otherwise provided in the instructions for a particular question in Form PF, include the *value* of a *reporting fund*'s investments in other *private funds* (both *internal and external*) in responding to questions under this Form PF. For example, (i) include the *value* of the *reporting fund*'s investments in other *private funds* in reporting *gross asset value* and *net asset value* in Question 11 and 12, but (ii) exclude the *value* of a *reporting fund*'s investment in other *private funds* in Question 3, the instructions to which explain that you must not include the *value* of a *reporting fund*'s investments in other *internal private funds* in responding to the question.

Do not “look through” the *reporting fund*'s investments in *internal private funds* or *external private funds* (other than a *trading vehicle* as explained above) in responding to questions on the Form, unless the question instructs you to report exposure obtained indirectly through positions in such funds or other entities. For example, do not look through to the creditors of or counterparties to other *private funds* in responding to questions that ask about a *reporting fund*'s *borrowing* and counterparty exposure (e.g., Questions 18, 26, 27, and 28). However, selected questions in Section 2 of the Form require you to report indirect exposure resulting from positions held through other entities including *private funds*, and you must “look through” the *reporting fund*'s investments in *internal private funds* and *external private funds* in responding to these questions. (See Question 32, Question 33, Question 35, Question 36, and Question 47.) If you cannot avoid “looking through” to the *reporting fund*'s investments in *internal private funds* or *external private funds* in responding to a particular question, provide an explanation in Question 4.

Solely for purposes of this Instruction 7, you may treat as a *private fund* any issuer formed under the laws of a jurisdiction other than the United States that has not offered or sold its securities in the United States or to *United States persons* but that would be a *private fund* if it had engaged in such an offering or sale.

**8. I advise a *private fund* that invests in funds or other entities that are not *private funds* or *trading vehicles*. How should I treat these investments for purposes of Form PF?**

Include the *value* of investments in any fund or other entity for all purposes under this Form PF. For example, you must include the value of these investments in determining reporting thresholds and responding to questions. For example, include the value of these investments in determining *gross asset value* in Question 11 and net asset value in Question 12.

Except for *trading vehicles*, do not “look through” a *reporting fund’s* investments in any fund or other entity, unless the question instructs you to report exposure obtained indirectly through positions in such funds or other entities. For example, do not “look through” to the creditors of or counterparties to any fund or other entity in responding to questions that ask about a *reporting fund’s* *borrowing* and counterparty exposure (e.g., Questions 18, 26, 27, and 28). However, selected questions in Section 2 of the Form require you to report indirect exposure resulting from positions held through entities, such as a fund or other entity, and you must “look through” the *reporting fund’s* investments such funds or other entities in responding to these questions. (See Question 32, Question 33, Question 35, Question 36, and Question 47). You should “look through” *trading vehicles* for all questions as provided in Instruction 7.

**9. When am I required to update Form PF?**

You are required to update Form PF at the following times:

*Periodic filings  
(large hedge  
fund advisers)*

Within 60 calendar days after the end of each calendar quarter, you must file a *quarterly update* that updates the answers to all Items in this Form PF relating to the *hedge funds* that you advise.

If your fiscal year does not end at the end of a calendar quarter, you must file a *quarterly update* that updates the answers to all Items in this Form PF within 60 days after the end of the next calendar quarter after your fiscal year end.

You may, however, submit an initial filing for the next calendar quarter after your fiscal year end that updates information relating only to the *hedge funds* that you advise so long as you amend your Form PF within 120 calendar days after the end of your fiscal year to update information relating to any other *private funds* that you advise. When you file such an amendment, you are not required to update information previously filed for such quarter.

*Periodic filings  
(large liquidity  
fund advisers)*

Within 15 calendar days after the end of each calendar quarter, you must file a *quarterly update* that updates the answers to all Items in this Form PF relating to the *liquidity funds* that you advise.

If your fiscal year does not end at the end of a calendar quarter, you must file a *quarterly update* that updates the answers to all Items in this Form PF within 15 days after the end of the next calendar quarter after your fiscal year end.

You may, however, submit an initial filing for the next calendar quarter after your fiscal year end that updates information relating only to the *liquidity funds* that you advise so long as you amend your Form PF within 120 calendar days after the end of your fiscal year to update information relating to any other *private funds* that you advise (subject to the next paragraph). When you file such an amendment, you are not

required to update information previously filed for such quarter.

If you are both a *large liquidity fund adviser* and a *large hedge fund adviser*, you must file your *quarterly updates* with respect to the *liquidity funds* that you advise within 15 calendar days and with respect to the *hedge funds* you advise within 60 calendar days.

*Periodic filings  
(all other  
advisers)*

Within 120 calendar days after the end of your fiscal year, you must file an *annual update* that updates the answers to all Items in this Form PF.

*Large hedge fund advisers* and *large liquidity fund advisers* are not required to file *annual updates* but instead file *quarterly updates* for the next calendar quarter after their fiscal year end.

*Transition filing*

If you are transitioning from quarterly to annual filing because you are no longer a *large hedge fund adviser* or *large liquidity fund adviser*, then you must complete and file Item A of Section 1a and check the box in Section 1a indicating that you are making your final quarterly filing. You must file your transition filing no later than the last day on which your next *quarterly update* would be timely.

*Current reports  
(large hedge  
fund advisers)*

*Large hedge fund advisers* must file a *current report* in Section 5 upon certain *current reporting events* with respect to *qualifying hedge funds* they advise. See Section 5 for filing deadlines.

*Private equity  
event reports  
(all advisers to  
private equity  
funds)*

All advisers to *private equity funds* must file a *private equity event report* in Section 6 upon certain *private equity reporting events* with respect to *private equity funds* they advise within 60 calendar days after the end of each fiscal quarter.

*Final filing*

If you are no longer required to file Form PF, then you must complete and file Item A of Section 1a and check the box in Section 1a indicating that you are making your final filing. You must file your final filing no later than the last day on which your next Form PF update would be timely. This applies to all Form PF filers.

**Failure to update your Form PF as required by these instructions is a violation of SEC and, where applicable, CFTC rules and could lead to revocation of your registration.**

#### **10. How do I obtain *private fund* identification numbers for my reporting funds?**

Each *private fund* must have an identification number for purposes of reporting on *Form ADV* and Form PF. *Private fund* identification numbers can only be obtained by filing *Form ADV*.

If you need to obtain a *private fund* identification number and you are required to file a *quarterly update* of Form PF prior to your next annual update of *Form ADV*, then you must acquire the identification number by filing an other-than-annual amendment to your *Form ADV* and following the instructions on Form ADV for generating a new number. When filing an other-than-annual amendment for this purpose, you must complete and file all of *Form ADV Section 7.B.1* for the new *private fund*.

See Instruction 6 to Part 1A of *Form ADV* for additional information regarding the acquisition and use of *private fund* identification numbers.

#### **11. Who must sign my Form PF or update?**

The individual who signs the Form PF depends upon your form of organization: For a sole proprietorship, the sole proprietor.

- For a partnership, a general partner.
- For a corporation, an authorized principal officer.
- For a limited liability company, a managing member or authorized person.
- For a SID, a principal officer of your bank who is directly engaged in the management, direction, or supervision of your investment advisory activities.
- For all others, an authorized individual who participates in managing or directing your affairs.

The signature does not have to be notarized and should be a typed name.

If you and one or more of your *related persons* are filing a single Form PF, then Form PF may be signed by one or more individuals; however, the individual, or the individuals collectively, must have authority, as provided above, to sign both on your behalf and on behalf of all such *related persons*.

## **12. How do I file my Form PF?**

You must file Form PF electronically through the Form PF filing system on the Investment Adviser Registration Depository website ([www.iard.com](http://www.iard.com)), which contains detailed filing instructions. Questions regarding filing through the Form PF filing system should be addressed to the Financial Industry Regulatory Authority (FINRA) at 240-386-4848.

If you are a *large hedge fund adviser* filing a current report in Section 5, only file Section 5. Do not file any other sections of the Form. If you are an adviser to *private equity funds* filing a current report in Section 6 only file Section 6. Do not file any other sections of the Form. For all other types of filings, file the applicable sections as provided in Instruction 3.

## **13. Are there filing fees?**

Yes, you must pay a filing fee for your Form PF filings. The Form PF filing fee schedule is published at <http://www.sec.gov/iard> and <http://www.iard.com>.

## **14. What if I am not able to file electronically?**

A temporary hardship exemption is available if you encounter unanticipated technical difficulties that prevent you from making a timely filing with the Form PF filing system, such as a computer malfunction or electrical outage. This exemption does not permit you to file on paper; instead, it extends the deadline for an electronic filing for seven “business days” (as such term is used in *SEC* rule 204(b)-1(f)).

To request a temporary hardship exemption, you must complete and file on paper Item A of Section 1a and Section 7 of Form PF, checking the box in Section 1a indicating that you are requesting a temporary hardship exemption. Do not complete or file any other sections of Form PF. Mail one manually signed original and one copy of your exemption filing to: U.S. Securities and Exchange Commission, Investment Adviser Regulation Office, Mail Stop 0-25, 100 F Street NE, Washington, DC 20549 or submit electronically your signed exemption filing in PDF format by email to [FormPF@sec.gov](mailto:FormPF@sec.gov). You must preserve in your records a copy of any temporary hardship exemption filing. Any request for a temporary hardship exemption must be filed no later than one business day after the electronic Form PF filing was due. For more information, see *SEC* rule 204(b)-1(f).

## **15. May I rely on my own methodologies in responding to Form PF? How should I enter requested information?**

You may respond to this Form using your own internal methodologies and the conventions of your service providers, provided the information is consistent with information that you report internally and to current and prospective investors. However, your methodologies must be consistently applied, and your responses must be consistent with any instructions or other guidance relating to this Form. You may explain any of your methodologies, including related assumptions, in Question 4.

In responding to Questions on this Form, the following guidelines apply unless otherwise specifically indicated:

- provide the requested information as of the close of business on the *data reporting date*;
- if information is requested for any month or quarter, provide the requested information as of the close of business on the last calendar day of the month or quarter, respectively;
- if a question requests information expressed as a percentage, enter the response as a percentage (not a decimal) rounded to the nearest one hundredth of one percent;
- if a question requests a monetary value, provide the information in U.S. dollars as of the *data reporting date* (or other requested date), rounded to the nearest thousand, using a foreign exchange rate for the applicable date;
- if a question requests a monetary value for transactional data that covers a reporting period, provide the information in U.S. dollars, rounded to the nearest thousand, using foreign exchange rates as of the dates of any transactions to convert local currency values to U.S. dollars (see questions 14, 23(c)(iv)(B), 23(c)(iv)(C), 23(c)(iv)(D), 29, 30(a), and 34);
- if a question requests a numerical value other than a percentage or a dollar value, provide information rounded to the nearest whole number;
- if a question requests information regarding a “position” or “positions,” treat two or more legs of a transaction even if offsetting or partially offsetting, or even if entered into with the same counterparty under the same master agreement as two separate positions, even if reported internally as part of a larger transaction. However, exclude closed-out positions that are closed out with the same counterparty provided that there is no credit or market exposure to the *reporting fund*;
- if a question requires you to distinguish long positions from short positions, classify positions as follows: a long position experiences a gain when the price of the market factor to which it relates increases (and/or the yield of that factor decreases), and a short position experiences a loss when the price of the market factor to which it relates increases (and/or the yield of that factor decreases);
- do not net long and short positions;
- for derivatives (other than *interest rate derivatives* and options), “value” means *gross notional value*; for *interest rate derivatives*, *value* means the *10-year bond equivalent*; for options, “value” means delta adjusted notional value (expressed as a *10-year bond equivalent* for options that are *interest rate derivatives*); in determining the “value” of derivatives positions, do not net long and short positions or offsetting or partially offsetting trades; but exclude closed-out positions that are closed out with the same counterparty provided that there is no credit or market exposure to the *reporting fund*;
- for all other investments and for all *borrowings* where the *reporting fund* is the creditor, “value” means market value or, where there is not a readily available market value, fair value; for

*borrowings* where the *reporting fund* is the debtor, “*value*” means the value you report internally and to current and prospective investors; and

- for question 25, the numerator you use to determine the percentage of *net asset value* should be measured on the same basis as *gross asset value*. Your response to this question may total more than 100%.

**16. How do I amend Form PF, for example, to make a correction?**

If you discover that information you filed on Form PF was not accurate at the time of filing, you may correct the information by re-filing and checking the box in Section 1a, Section 5, or Section 6, as applicable, indicating that you are amending a previously submitted filing. You are not required to update information that you believe in good faith properly responded to Form PF on the date of filing even if that information is subsequently revised for purposes of your recordkeeping, risk management or investor reporting (such as estimates that are refined after completion of a subsequent audit).

*Large hedge fund advisers* and *large liquidity fund advisers* that comply with their fourth quarter filing obligations by submitting an initial filing followed by an amendment in accordance with Instruction 9 will not be viewed as affirming responses regarding one fund solely by providing updated information regarding another fund at a later date.

**17. How may I preserve on Form PF the anonymity of a *private fund* that I advise?**

If you seek to preserve the anonymity of a *private fund* that you advise by maintaining its identity in your books and records in numerical or alphabetical code, or similar designation, pursuant to rule 204-2(d), you may identify the *private fund* on Form PF using the same code or designation in place of the fund’s name.

**18. How should I treat a *commodity pool* for purposes of Form PF?**

Commodity pools should be treated as *hedge funds* for purposes of Form PF. If you are reporting on Form PF regarding a *commodity pool* that is not a *private fund*, then you may treat it as a *private fund* for purposes of Form PF. However, such a *commodity pool* is not required to be included when determining whether you exceed one or more reporting thresholds. If such a *commodity pool* is a *qualifying hedge fund* and you are otherwise required to report information in section 2 of Form PF, then you must report regarding the *commodity pool* in section 2 of Form PF.

Federal Information Law and Requirements for a Collection of Information

Section 204(b) of the *Advisers Act* [15 U.S.C.80b-4(b)] authorizes the *SEC* to collect the information that Form PF requires. The information collected on Form PF is designed to facilitate the Financial Stability Oversight Council’s (“FSOC”) monitoring of systemic risk in the private fund industry and to assist FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies. The *SEC* and *CFTC* may also use information collected on Form PF in their regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers. Filing Form PF is mandatory for advisers that satisfy the criteria described in Instruction 1 to the Form. *See also* 17 CFR 275.204(b)-1. The *SEC* does not intend to make public information reported on Form PF that is identifiable to any particular adviser or *private fund*, although the *SEC* may use Form PF information in an enforcement action. *See* Section 204(b) of the *Advisers Act*.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. The Office of Management and Budget has reviewed this collection of information under 44 U.S.C. 3507. Any member of the public may direct any comments concerning the accuracy of the burden estimate and any suggestion for reducing this burden to: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

**Section 1a: Information about you and your *related persons***

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Check the box that indicates what you would like to do:

- a. If you are not a *large hedge fund adviser* or *large liquidity fund adviser*:
  - Submit your first filing on Form PF for the period ended:
  - Submit an *annual update* for the period ended:
  - Amend a previously submitted filing for the period ended:
  - Submit a final filing
  - Request a temporary hardship exemption
- b. If you are a *large hedge fund adviser* or *large liquidity fund adviser*:
  - Submit your first filing on Form PF for the [1st, 2nd, 3rd, 4th] quarter, which ended:
  - Submit a *quarterly update* (including fourth quarter updates) for the [1st, 2nd, 3rd, 4th] quarter, which ended:
  - Amend a previously submitted filing for the [1st, 2nd, 3rd, 4th] quarter, which ended:
  - Transition to annual reporting
  - Submit a final filing
  - Request a temporary hardship exemption

**Item A. Information about you**

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1. (a) Provide your name and the other identifying information requested below.

*(This should be your full legal name. If you are a sole proprietor, this will be your last, first, and middle names. If you are a SID, enter the full legal name of your bank. Please use the same name that you use in your Form ADV.)*

Legal name	SEC 801-Number	NFA ID Number, if any	Large trader ID, if any	Large trader ID suffix, if any	LEI, if any

- (b) Provide the following information for each of the *related persons*, if any, with respect to which you are reporting information on this Form PF:

Legal name	SEC 801-Number	NFA ID Number, if any	Large trader ID, if any	Large trader ID suffix, if any	LEI, if any

- (c) Provide the following information for yourself and each of the *related persons*, if any,

with respect to which you are reporting information on this Form PF that is registered or required to be registered as a *CPO* and/or *CTA*:

Legal Name

CPO, CTA, or Both

	[Drop-down list]
	[Drop-down list]

2. Signatures of sole proprietor or authorized representative (*see Instruction 11 to Form PF*). Signature on behalf of the firm and its related persons:

I, the undersigned, sign this Form PF on behalf of, and with the authority of, the *firm*. In addition, I sign this Form PF on behalf of, and with the authority of, each of the *related persons* identified in Question 1(b) (other than any *related person* for which another individual has signed this Form PF below).

To the extent that Section 1 or 2 of this Form PF is filed in accordance with a regulatory obligation imposed by *CEA* rule 4.27, the *firm*, each *related person* for which I am signing this Form PF, and I shall accept that any false or misleading statement of a material fact therein or material omission therefrom shall constitute a violation of section 6(c)(2) of the *CEA*.

Name of individual:	
Signature:	
Title:	
Email address:	
Telephone contact number (include area code and, if outside the United States, country code):	
Date:	

Signature on behalf of related persons:

I, the undersigned, sign this Form PF on behalf of, and with the authority of, the *related person(s)* identified below.

To the extent that Section 1 or 2 of this Form PF is filed in accordance with a regulatory obligation imposed by *CEA* rule 4.27, each *related person* identified below and I shall accept that any false or misleading statement of a material fact therein or material omission therefrom shall constitute a violation of section 6(c)(2) of the *CEA*.

Name of each <i>related person</i> on behalf of which this individual is signing:	
Name of individual:	
Signature:	
Title:	
Email address:	
Telephone contact number (include area code and, if outside the United States, country code):	
Date:	

**Item B. Information about assets of private funds that you advise**

3. Provide a breakdown of your *regulatory assets under management* and your *net assets under management* as follows:

*(If you are filing a quarterly update for your first, second or third fiscal quarter, you are only required to update row (a), in the case of a large hedge fund adviser, or row (b), in the case of a large liquidity fund adviser. To avoid double counting, do not include the value of your private funds' investments in other internal private funds.)*

	<b>Regulatory assets under management</b>	<b>Net assets under management</b>
(a) <i>Hedge funds</i> .....		
(b) <i>Liquidity funds</i> .....		
(c) <i>Private equity funds</i> .....		
(d) <i>Real estate funds</i> .....		
(e) <i>Securitized asset funds</i> .....		
(f) <i>Venture capital funds</i> .....		
(g) <i>Other private funds</i> .....		
(h) Funds and accounts other than <i>private funds</i> (i.e., the remainder of your assets under management).....		

**Item C. Miscellaneous**

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4. You may use the space below to explain any assumptions that you made in responding to any question in this Form PF. Assumptions must be in addition to, or reasonably follow from, any instructions or other guidance relating to Form PF. If you are aware of any instructions or other guidance that may require a different assumption, provide a citation and explain why that assumption is not appropriate for this purpose. To the extent responses relate to a particular question, provide the Question number(s), as applicable.

5.

<b>Question number</b>	<b>Description</b>
[drop-down list for question number or "all" options.]	

**Section 1b: Information about the *private funds* you advise**

You must complete a separate Section 1b for each *private fund* that you advise, except as provided by Instruction 6.

**Item A. Reporting fund identifying information**

5. (a) Name of the *reporting fund*

--

  
 (b) *Private fund* identification number of the *reporting fund*

--

  
 (c) *NFA* identification number of the *reporting fund*, if applicable 

--

  
 (d) *LEI* of the *reporting fund*, if any 

--

6. (a) For purposes of reporting on this Form PF, what type of fund is the *reporting fund*? [Select one]  
 [drop-down list for *hedge fund that is not a qualifying hedge fund, qualifying hedge fund, liquidity fund, private equity fund, real estate fund, securitized asset fund, venture capital fund, or "other."*]

*If you identify the reporting fund as "other," describe the reporting fund in Question 4, including why it would not qualify for any of the other selections. If you identify the reporting fund as a different type of fund on Form ADV, explain why in Question 4.*

- (b) Is the *reporting fund* a *commodity pool*?  
 Yes  No

- (c) Does the *reporting fund* operate as a *UCITS*?  
 Yes  No

- (d) If you checked yes in (c), in what countries does the *reporting fund* operate as a *UCITS*?  
 [Drop-down list]

- (e) Does the *reporting fund* operate as an *AIF*?  
 Yes  No

- (f) If you checked yes in (e), in what countries does the *reporting fund* operate as an *AIF*?  
 [Drop-down list]

- (g) Does the *reporting fund* offer itself as a money market fund outside the United States?  
 Yes  No

- (h) If you checked yes in (g), in what countries does the *reporting fund* offer itself as a money market fund? [Drop-down list]

*(For the purposes of responding to Question 6(g) and 6(h) only, a money market fund includes a similar fund that operates outside of the United States in accordance with applicable non-U.S. laws and are not limited to "money market funds" as defined in the Glossary of Terms.)*

7. (a) Is the *reporting fund* the *master fund* of a *master-feeder arrangement*? If so, check “yes” below, and complete (i) and (ii) for each *feeder fund*. Otherwise, check “no.” See Instructions 5, 6, and 7 for information on treatment of master-feeder arrangements.

Yes  No

(i) Name of *feeder fund*.....

(ii) *Private fund* identification number of the *feeder fund* .....

(iii) Is the *feeder fund* a separate *reporting fund*? If so, check “yes,” below. If the *feeder fund* is a “disregarded” *feeder fund* in accordance with Instruction 6, check “no.”

Yes  No

(b) Do any *internal private funds* (other than the *feeder funds* identified in (a) above) invest in the *reporting fund*? If so, check “yes” and complete (i), (ii), and (iii) for each such *internal private fund*. Otherwise, check “no.”

Yes  No

(i) Name of *internal private fund*.....

(ii) *Internal private fund’s LEI*, if it has one.....

(iii) *Private fund* identification number of the *internal private fund*....

8. (a) Is the *reporting fund* a component of a *parallel fund structure*? If so, check “yes” below. Otherwise, check “no.” (See Instructions 5 and 6 for information regarding the treatment of *parallel funds*.)

Yes  No

If you responded “yes” to Question 8(a), complete (b) through (e) below for each component in the *parallel fund structure*.

(b) Name of the *parallel fund*

(c) *Private fund* identification number of the *parallel fund*

(d) *NFA* identification number of the *parallel fund*, if applicable

(e) *LEI* of the *parallel fund*, if any


9. If the *reporting fund* holds assets, incurs leverage, or conducts trading or other activities through a *trading vehicle*, provide the following information about each *trading vehicle*.

(a) Legal name .....

(b) *LEI*, if any.....

(c) Other identifying information (indicate type used, if applicable. *E.g., RSSD ID*).....

(d) Does the *reporting fund* hold assets through the *trading vehicle*?

Yes  No

(e) Does the *reporting fund* incur leverage through the *trading vehicle*?

Yes  No

(f) Does the *reporting fund* conduct trading or other activities through the *trading vehicle*?

Yes  No

10. (a) Is the *reporting fund* an *open-end private fund*?

Yes  No

(b) Is the *reporting fund* a *closed-end private fund*?

Yes  No

(If you responded “no” to both question 10(a) and question 10(b), please provide a detailed explanation in question 4.)

(c) If you responded “yes” to 10(a), indicate whether withdrawals/redemptions are permitted most commonly (*i.e.* with respect to most investors) (regardless of whether there are notice requirements, “gates,” lock-ups, or other restrictions on withdrawals/redemptions). (check one):

- on any business day
- at intervals of least two business days and up to a month
- at intervals longer than monthly up to quarterly
- at intervals longer than quarterly up to annually
- at intervals of more than one year

(d) If you responded “yes” to 10(a), indicate, as of the *data reporting date*, what percentage of the *reporting fund’s net asset value*, if any:

- (i) May be subjected to a suspension of investor withdrawals/redemptions by an adviser or fund governing body (*this question relates to an adviser's or governing body's right to suspend and not just whether a suspension is currently effective*).....
- (ii) May be subjected to material restrictions on investor withdrawals/redemptions (e.g., “gates”) by an adviser or fund governing body (*this question relates to an adviser's or governing body's right to impose a restriction and not just whether a restriction has been imposed*) .....
- (iii) Is subject to a suspension of investor withdrawals/redemptions (*this question relates to whether a suspension is currently effective and not just an adviser's or governing body's right to suspend*) .....
- (iv) Is subject to a material restriction on investor withdrawals/redemptions (e.g., a “gate”) (*this question relates to whether a restriction has been imposed and not just an adviser's or governing body's right to impose a restriction*) .....


(For Question 10(d), please note that the standards for imposing suspensions and restrictions on withdrawals/redemptions may vary among funds. Make a good faith determination of the provisions that would likely be triggered during conditions that you view as significant market stress.)

**Item B. Assets, financing, and investor concentration**

11.

	Date	<i>Gross Asset Value or Gross Reporting fund Aggregate Calculated Value</i>
(a) <i>Gross asset value</i> of the reporting fund as of the end of the reporting period.....	[Drop-down list of month, day, year]	
(b) If you are filing a <i>quarterly update</i> , provide the reporting fund's <i>gross asset value</i> if available, or <i>gross reporting fund aggregate calculated value</i> if the <i>gross asset value</i> is not available, as of the end of the first month of the reporting period.....	[Drop-down list of month, day, year]	
(c) If you are filing a <i>quarterly update</i> , provide the reporting fund's <i>gross asset value</i> if available, or <i>gross reporting fund aggregate calculated value</i> if the <i>gross asset value</i> is not available, as of the end of the second month of the reporting period.....	[Drop-down list of month, day, year]	

*(The amount of the gross asset value of the reporting fund as of the end of the reporting period may differ from the amount you reported in response to question 11 of Form ADV Section 7.B.1. For instance, the amounts may not be the same if you are filing Form PF on a quarterly basis or because you may not aggregate a master-feeder arrangement for purposes of this Form PF.)*

*(For a feeder fund, the gross asset value and gross reporting fund aggregate calculated value calculations should be inclusive of its equity holdings in the master fund, along with its other holdings).*

- (d) Is the value reported in Question 11(b) above a *gross reporting fund aggregate calculated value*?  
 Yes                       No
- (e) Is the value reported in Question 11(c) above a *gross reporting fund aggregate calculated value*?  
 Yes                       No

12.

	Date	<i>Net Asset Value or Reporting fund Aggregate Calculated Value</i>
(a) <i>Net asset value of the reporting fund as of the end of the reporting period</i> .....	[Drop-down list of month, day, year]	
(b) If you are filing a <i>quarterly update</i> , provide the <i>reporting fund's net asset value</i> if available or, <i>reporting fund aggregate calculated value</i> if the <i>net asset value</i> is not available, as of the end of the first month of the <i>reporting period</i> .....	[Drop-down list of month, day, year]	
(c) If you are filing a <i>quarterly update</i> , provide the <i>reporting fund's net asset value</i> if available or, <i>reporting fund aggregate calculated value</i> if the <i>net asset value</i> is not available, as of the end of the second month of the <i>reporting period</i> .....	[Drop-down list of month, day, year]	

*(For a feeder fund, the net asset value and net reporting fund aggregate calculated value calculations should be inclusive of its equity holdings in the master fund, along with its other holdings).*

- (d) Is the value reported in Question 12(b) above a *reporting fund aggregate calculated value*?  
 Yes                       No
- (e) Is the value reported in Question 12(c) above a *reporting fund aggregate calculated value*?  
 Yes                       No

13. *Value of unfunded commitments* included in *gross asset value* or *gross reporting fund aggregate calculated value* and *net asset value* or *reporting fund aggregate calculated value* reported in Questions 11 and 12 (if the *reporting fund* does not contract for *unfunded commitments*, enter "NA").....

14. Provide the following information concerning the *reporting fund's* activity during the *reporting period*.  
*(For the purpose of this question, contributions include all new contributions from investors, but exclude contributions of committed capital that you have already included in gross asset value calculated in accordance with Form ADV, Part 1A, Instruction 6.e.(3). Withdrawals and redemptions from the reporting fund include all withdrawals, redemptions and other distributions of any kind to investors.)*

*(If you are filing a quarterly update, provide this information for each month of the reporting period.)*

- (a) Contributions to the *reporting fund* during the *reporting period*.....
- (b) Withdrawals and redemptions from the *reporting fund* during the *reporting period*...

15. (a) Value of *reporting fund's* investments in equity of *external private funds*: \_\_\_\_\_

(b) Check "yes" if the *reporting fund* is a *feeder fund* in a *master-feeder arrangement* and complete the information below for the *master fund* in which this fund invests. Otherwise, check "no."

Yes  No

- (i) Name of *master fund*.....
- (ii) *Private fund* identification number of the *master fund*:.....
- (iii) The *master fund's LEI*, if any.....
- (iv) *Value* of the *private fund's* investments in equity of the *master fund*:.....

(c) Check "yes" if the *reporting fund* invests in any *internal private funds* and complete the information below for each such *internal private fund*. Otherwise, check "no." Do not complete (c)(i) through (c)(iv) for a *master fund* identified in (b), above.

Yes  No

- (i) Name of *internal private fund*.....
- (ii) *Private fund* identification number of the *internal private fund*.....
- (iii) The *internal private fund's LEI*, if any.....
- (iv) *Value* of the *private fund's* investments in equity of the *internal private fund*:

16. Value of all *parallel managed accounts* related to the *reporting fund*: \_\_\_\_\_

*(If any of your parallel managed accounts relates to more than one of the private funds you advise, only report the value of the account once, in connection with the largest private fund to which it relates)*

17. What is the *reporting fund's* base currency?  
[drop-down list of currencies]  
Other \_\_\_\_\_

18. Provide the following information regarding the *value* of the *reporting fund's borrowings* and the types of creditors.

*(You are not required to respond to this question for any reporting fund with respect to which you are answering questions in Section 2 or Question 71 in Section 4. Do not net out amounts that the reporting fund loans to creditors or the value of collateral pledged to creditors.)*

*(The percentages borrowed from the specified types of creditors should add up to approximately 100%.)*

- (a) Dollar amount of total *borrowings*
- (b) Percentage borrowed from *U.S. depository institutions*
- (c) Percentage borrowed from *U.S. creditors that are not U.S. depository institutions*
- (d) Percentage borrowed from *non-U.S. creditors*


19. (a) Does the *reporting fund* have any outstanding derivatives positions?  
 Yes  No

(b) If you responded "yes" to Question 19(a), provide the aggregate *value* of all derivatives positions of the *reporting fund*.....

20. Provide a summary of the *reporting fund's* assets and liabilities categorized using the hierarchy below and indicate the date as of which this categorization was performed. For assets and liabilities that you report internally and to current and prospective investors as representing fair value, or for which you are required to determine fair value in order to report the *reporting fund's* regulatory assets under management on *Form ADV*, categorize them into the following categories based on the valuation

assumptions utilized:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs, such as your assumptions or the fund’s assumptions used to determine the fair value of the asset or liability.

For any assets and liabilities that you report internally and to current and prospective investors as representing a measurement attribute other than fair value, and for which you are not required to determine fair value in order to report the *reporting fund's* regulatory assets under management on *Form ADV*, separately report these assets and liabilities in the “cost-based” measurement column.

Do not report *cash and cash equivalents* in any other column except for the *cash and cash equivalents* column.

*(If the fund’s financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) or another accounting standard that requires the categorization of assets and liabilities using a fair value hierarchy similar to that established under U.S. GAAP, then respond to this question using the fair value hierarchy established under the applicable accounting standard. Report the absolute value of all liabilities. If you report assets as a negative value, you must provide an explanation in Question 4.)*

*(You should use the estimated values for the fiscal year for which you are reporting if the audit of the financial statement is not yet completed when the Form PF is required to be filed and explain that the information is an estimate in Question 4. You may, but are not required to, amend when the audited financial statements are complete.)*

*(This question requires the use of fair values and cost-based measurements, which may be different from the values contemplated by Instruction 15. You are only required to respond to this question if you are filing an annual update or a quarterly update for your fourth fiscal quarter.)*

As of date [drop-down box for month, day, year]

	Level 1	Level 2	Fair Value Level 3	Cost-based	Cash and Cash Equivalents
Assets					
Liabilities					

21. Specify the approximate percentage of the *reporting fund's* equity that is beneficially owned by the five beneficial owners having the largest equity interests in the *reporting fund*. \_\_\_\_\_

*(For purposes of this question, if you know that two or more beneficial owners of the reporting fund are affiliated with each other, you should treat them as a single beneficial owner. If the reporting fund is the master fund in a master-feeder arrangement, include the beneficial owners of a disregarded feeder fund described by Instruction 6 as beneficial owners of the reporting fund.)*

22. Specify the approximate percentage of the *reporting fund's* equity that is beneficially owned by the following groups of investors. If you select “other,” describe in Question 4 the type of investor, why it would not qualify for any of the other groups, and any other information to explain your selection.

*(Include each investor in only one group. The total should add up to approximately 100%. With respect to beneficial interests outstanding prior to March 31, 2012, that have not been transferred on or after that date, you may respond to this question using good faith estimates based on data currently available to you. If the reporting fund is the master fund in a master-feeder arrangement, include the beneficial owners of a disregarded feeder fund described by Instruction 6 as beneficial owners of the reporting fund.)*

- (a) Individuals that are *United States persons* (including their trusts) .....
- (b) Individuals that are not *United States persons* (including their trusts) .....
- (c) Broker-dealers that are *United States persons* .....
- (d) Broker-dealers that are not *United States persons* .....
- (e) Insurance companies that are *United States persons* .....
- (f) Insurance companies that are not *United States persons* .....
- (g) Investment companies registered with the *SEC* .....
- (h) *External private funds* .....
- (i) *Internal private funds* .....
- (j) Non-profits that are *United States persons* .....
- (k) Non-profits that are not *United States persons* .....
- (l) U.S. pension plans (excluding governmental pension plans) .....
- (m) Non-U.S. pension funds (plans and funds that are not U.S. private or governmental pension plans) .....
- (n) Banking or thrift institutions that are *United States persons* .....
- (o) Banking or thrift institutions that are not *United States persons* .....
- (p) U.S. state or municipal *government entities* (excluding governmental pension plans) .....
- (q) U.S. state or municipal governmental pension plans .....
- (r) Sovereign wealth funds and foreign official institutions (excluding pension funds).
- (s) Investors that are not *United States persons* and about which the foregoing beneficial ownership information is not known and cannot reasonably be obtained because the beneficial interest is held through a chain involving one or more third-party intermediaries .....
- (t) Other .....

**Item C. Reporting fund performance**

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23. Complete (a) unless the *reporting fund's* performance is reported to current and prospective investors, counterparties, or otherwise, as an *internal rate of return* since inception, in which case, complete (b). The *reporting fund* may report performance as either a time-weighted return or a money-weighted return, such as an *internal rate of return*; however, the methodology used for reporting performance should be consistent over time.

(a) Provide the *reporting fund's* gross and net performance, as reported to current and prospective investors, counterparties, or otherwise. Report the data using the *reporting fund's* base currency. Do not calculate the *reporting fund's* performance using *reporting fund aggregate calculated value*.

If the fund reports different performance results to different groups, provide the most representative results and explain your selection in Question 4. You are required to provide monthly and quarterly performance results only if such results are calculated for the *reporting fund* (whether for purposes of reporting to current or prospective investors, counterparties, or otherwise).

If you are submitting an initial filing or an *annual update*, complete (i) through (xvi) (concerning

monthly and quarterly data), only if you calculate such results, and complete (xvii) (concerning yearly data). (For example, if you are submitting an initial filing or an *annual update* and you do not calculate monthly or quarterly performance results, complete (xvii) only.)

If you are submitting a *quarterly update*, complete the following:

- Complete (i) through (iii) (concerning monthly data), if you calculate such results; and
- Complete (xiii) through (xvi) for the applicable quarter. (For example, if you are filing a *quarterly update* for the first quarter of *reporting funds'* fiscal year, complete (xiii) (concerning the first quarter), but do not complete (xiv) (concerning the second quarter), (xv) (concerning the third quarter), or (xvi) (concerning the fourth quarter); and
- Complete (xvii) (data concerning the *reporting fund's* most recently completed fiscal year) only if the *quarterly update* is for the fourth quarter of *reporting fund's* fiscal year. If the *quarterly update* is not the fourth quarter of the *reporting fund's* fiscal year, do not complete (xvii).

*(If your fiscal year is different from the reporting fund's fiscal year, then for any portion of the reporting fund's fiscal year that has not been completed as of the data reporting date, provide the relevant information from that portion of the reporting fund's preceding fiscal year.)*

*(Performance results for monthly and quarterly periods should not be annualized. If any period precedes the date of the fund's formation, enter "NA". You are not required to include performance results for any period with respect to which you previously provided performance results for the reporting fund on Form PF.)*

	<b>End date</b> [drop-down list of month, day, year]	<b>Gross performance</b>	<b>Net of management fees, incentive fees, and allocations</b>
<b>Monthly Data</b>			
(i) 1 <sup>st</sup> month of <i>reporting period</i>			
(ii) 2 <sup>nd</sup> month of <i>reporting period</i>			
(iii) 3 <sup>rd</sup> month of <i>reporting period</i>			
(iv) 4 <sup>th</sup> month of <i>reporting period</i>			
(v) 5 <sup>th</sup> month of <i>reporting period</i>			
(vi) 6 <sup>th</sup> month of <i>reporting period</i>			
(vii) 7 <sup>th</sup> month of <i>reporting period</i>			
(viii) 8 <sup>th</sup> month of <i>reporting period</i>			
(ix) 9 <sup>th</sup> month of <i>reporting period</i>			
(x) 10 <sup>th</sup> month of <i>reporting period</i>			
(xi) 11 <sup>th</sup> month of <i>reporting period</i>			
(xii) 12 <sup>th</sup> month of <i>reporting period</i>			
<b>Quarterly Data</b>			
(xiii) First quarter of <i>reporting fund's</i> fiscal year			
(xiv) Second quarter of <i>reporting fund's</i> fiscal year			
(xv) Third quarter of <i>reporting fund's</i> fiscal year			
(xvi) Fourth quarter of <i>reporting fund's</i> fiscal year			
<b>Yearly Data</b>			
(xvii) <i>Reporting fund's</i> most recently completed fiscal year			

(b) If the *reporting fund's* performance is reported to current and prospective investors, counterparties, or otherwise, as an *internal rate of return* since inception, provide the *reporting fund's* performance below. If such information is reported to current and prospective investors, counterparties, or otherwise, in a currency other than U.S. dollars, report the data using that currency, and identify the currency in Question 4. Do not calculate the *reporting fund's* performance using a *reporting fund aggregate calculated value*.

If the fund reports different performance results to different groups, provide the most representative results and explain your selection in Question 4. You are required to provide quarterly performance results since inception only if such results are calculated for the *reporting fund* (whether for purposes of reporting to current and prospective investors, counterparties, or otherwise). Internal rates of return for periods longer than one year must be annualized, while internal rates of return for periods one year or less must not be annualized.

- (i) Inception date used for *internal rate of return* calculation:.....
- (ii) Inception through the first quarter of *reporting fund's* fiscal year.....



drawdown:

Amount in base currency \_\_\_\_\_ % in base currency \_\_\_\_ Beginning Date \_\_\_\_\_  
End Date \_\_\_\_\_

If the drawdown was continuing on the *data reporting date*, do not enter an end date and check here

(C) Largest peak to trough drawdown of the *reporting fund* over the *reporting period*:

Amount in base currency \_\_\_\_\_ % in base currency \_\_\_\_ Beginning Date \_\_\_\_\_  
End Date \_\_\_\_\_

If the drawdown was continuing on the *data reporting date*, check here

(D) Largest single day drawdown of the *reporting fund* over the *reporting period*:

Amount in base currency \_\_\_\_\_ % in base currency \_\_\_\_ Date \_\_\_\_\_

(E) Number of days with a negative *daily rates-of-return* in the *reporting period* \_\_\_\_\_.

**Section 1c: Information about the *hedge funds* you advise**

You must complete a separate Section 1c for each *hedge fund* that you advise, except as provided by Instruction 6 and Instruction 7.

**Item A. Reporting fund identifying information**

24. (a) Name of the *reporting fund*.....
- (b) *Private fund* identification number of the *reporting fund*.....

**Item B. Certain information regarding the *reporting fund***

25. Indicate which of the investment strategies in the drop-down menu below best describe the *reporting fund's* strategies on the last day of the *reporting period*. For each strategy that you have selected, provide a good faith estimate of the percentage of the *reporting fund's net asset value* represented by that strategy. If, in your view, the *reporting fund's* allocation among strategies is appropriately represented by the percentage of deployed capital, you may also provide that information.

*(Select the investment strategies that best describe the reporting fund's strategies, even if the descriptions below do not precisely match your characterization of those strategies; select "other" only if a strategy that the reporting fund uses is significantly different from any of the strategies identified below.)*

*(The strategies in the drop-down menu below are mutually exclusive (i.e., do not report the same assets under multiple strategies). The reporting strategies methodology used should be consistent over time. If providing percentages of capital, the total should add up to approximately 100%.) (If you select "other" as an investment strategy for the reporting fund, describe in Question 4 the investment strategy, why it would not qualify for any of the other categories, and any other information to explain the selection "other." If a particular strategy could be classified as both a digital asset strategy and another strategy, report the strategy as the non-digital asset strategy.)*

<b>Strategy</b>	<b>% of NAV (required)</b>	<b>% of capital (optional)</b>
[drop-down menu]		

## 26. Consolidated Counterparty Exposure Table

Report in the *consolidated counterparty exposure table* below the *reporting fund's borrowing and collateral received (B/CR)* and *lending and posted collateral (L/PC)* aggregated across all creditors and counterparties (including all *CCPs*) in U.S. dollars as of the end of the *reporting period*. (You are not required to complete this question if the *reporting fund* is a qualifying hedge fund and you complete the consolidated counterparty exposure table in Section 2).

You must net the *reporting fund's* exposure with each counterparty and among affiliated entities of a counterparty to the extent such exposures may be contractually or legally set-off or netted across those entities or one *affiliate* guarantees or may otherwise be obligated to satisfy the obligations of another under the agreements governing the transactions. Netting must be used to reflect net cash borrowed from or lent to a counterparty but must not be used to offset securities borrowed and lent against one another, when reporting prime brokerage and repo/reverse repo transactions.

Report the counterparty exposures of *trading vehicles* owned by the *reporting fund* based on the *reporting fund's* percentage ownership of each *trading vehicle*, without netting the *trading vehicle's* exposures with the *reporting fund's* exposures if they are not guaranteed by the *reporting fund* or contractual obligations of the *reporting fund*. If the *reporting fund* guarantees or is contractually obligated to fulfill obligations of such *trading vehicles* or affiliated *private funds*, such exposures must be reported net with those of the *reporting fund*. If an adviser to an affiliated *private fund* separately files Form PF, such adviser to the affiliated *private fund* must exclude such exposures if they have been reported in the *reporting fund's* filing.

In completing the table, classify *borrowing and collateral received* and *lending and posted collateral* according to type (e.g., *unsecured borrowing*, *secured borrowing*, derivatives cleared by a *CCP*, and uncleared derivatives) and the governing legal agreement (e.g., a prime brokerage or other brokerage agreement for cash margin and securities lending and borrowing, a global master repurchase agreement for *repo/reverse repo*, or an *ISDA* master agreement for *synthetic long positions*, *synthetic short positions*, and derivatives). Report transactions under a master securities loan agreement as other *secured borrowing*.

- Check this box if one or more prime brokerage agreements provide for cross-margining of derivatives and secured financing transactions. If you have checked this box, and collateral does not clearly pertain to secured financing vs. derivatives transactions, report exposures and collateral as follows:
- For secured financing, exposures and collateral should be reported in sections (b), (c) and (d), as applicable
  - For derivatives,
    - Report the *gross notional value* and the mark-to-market exposure of the derivatives transactions with *other derivatives* transactions (lines (e)(i) or lines (f)(i) and (ii))
    - Report associated collateral as collateral received (*B/CR*) or posted collateral (*L/PC*) under the prime brokerage agreement (lines (b)(ii) and (iii)).
  - For derivatives cleared by a *CCP*, for cases where the prime broker gathers additional collateral in excess of that required by exchanges, report collateral posted by the *reporting fund* to meet exchange requirements in the cleared derivatives section on lines (e)(ii) and (iii), and any additional collateral gathered by the prime broker under a cross margining agreement should appear on lines (b) (ii) and (iii).

**Consolidated Counterparty Exposure Table**

**B/CR**

**L/PC**

(a) <i>Unsecured borrowing – cash and cash equivalents</i>		Not Applicable
(b) <i>Secured borrowing and lending (prime brokerage or other brokerage agreement)</i>		
(i) <i>cash and cash equivalents</i> received in cash margin borrowing, or received or paid by the <i>reporting fund</i> in securities lending and short sale transactions		
(ii) <i>cash and cash equivalents</i> received or posted by the <i>reporting fund</i> as collateral for derivatives under any cross-margining agreement		
(iii) <i>government securities</i> and other securities received and posted by the <i>reporting fund</i>		
(c) <i>Secured borrowing and lending via repo and reverse repo (include tri-party repo)</i>		
(i) <i>cash and cash equivalents</i>		
(ii) <i>government securities</i> and other securities (other than <i>cash and cash equivalents</i> ) received and posted by the <i>reporting fund</i>		
(d) <i>Other secured borrowing and lending (describe in Question 4)</i>		
(i) <i>cash and cash equivalents</i>		
(ii) <i>government securities</i> and other securities (other than <i>cash and cash equivalents</i> ) received and posted by the <i>reporting fund</i>		
(e) <i>Derivative positions cleared by a CCP</i>		
(i) mark-to-market exposure of derivatives transactions before collateral		
(ii) <i>cash and cash equivalents</i> received and posted by the <i>reporting fund</i> as collateral		
(iii) <i>government securities</i> and other securities received and posted by the <i>reporting fund</i> as collateral		
(f) <i>Derivative positions that are not cleared by a CCP (uncleared)</i>		
(i) <i>gross notional value</i> of <i>synthetic long positions</i> and <i>synthetic short positions</i>		
(ii) mark-to-market exposure of derivatives transactions before collateral		
(iii) <i>cash and cash equivalents</i> received and posted by the <i>reporting fund</i> as collateral		
(iv) <i>government securities</i> and other securities received and posted by the <i>reporting fund</i> as collateral		

27. Identify each creditor or other counterparty (including CCPs) to which the *reporting fund* owed an amount in respect of *cash borrowing entries* (before posted collateral) which is equal to or greater than either (1) 5% of *net asset value* as of the *data reporting date*, or (2) \$1 billion. If there are more than five such counterparties, report the five counterparties to which the *reporting fund* owed the largest dollar amount in *cash borrowing entries* before taking into account collateral posted by the *reporting fund*. (You are not required to complete this question if the *reporting fund* is a qualifying hedge fund and you complete Question 42 in Section 2).

In the table below, report the legal entity name and LEI of each creditor or other counterparty, if it has one, in columns (i) and (ii). Indicate whether the creditor or counterparty is affiliated with a major

financial institution in column (iii). If you select “other,” name and describe the financial institution in Question 4. Do not treat affiliated counterparty entities as a single group, except that, if the applicable contractual and legal documentation requires cross margining, report the *LEI* of the contractual counterparty, typically the prime broker.

Report the *reporting fund’s cash borrowing entries* for each reported creditor or counterparty in column (iv) as a negative number. Report in column (v) the *collateral posted entries* posted by the *reporting fund* for each reported creditor or other counterparty as a positive number. Report the legal name in column (vi) and its *LEI*, if any, in column (vii), of the entity that has the counterparty exposure.

(i) Legal name of the counterparty	(ii) Counterparty LEI, if any	(iii) Indicate below if the counterparty is affiliated with a major financial institution	(iv) Borrowing by reporting fund (in U.S. dollars)	(v) Collateral posted by reporting fund (in U.S. dollars)	(vi) Legal name of entity	(vii) Entity LEI, if any
(a)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(b)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(c)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(d)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(e)		[drop-down list of counterparty names] Other: _____ [Not applicable]				

28. Provide the following information for counterparties to which the *reporting fund* had net mark to market counterparty credit exposure, **after** taking into account collateral received or posted by the *reporting fund*, which is equal to or greater than either (1) 5% of the *reporting fund’s net asset value* as of the *data reporting date*, or (2) \$1 billion. Include CCPs or other third parties holding collateral posted by the *reporting fund* in respect of cleared exposures (including tri-party repo). If there are more than five such counterparties, report the five to which the *reporting fund* had the greatest mark to market exposure after taking into account collateral. (You are not required to complete this question if the *reporting fund* is a qualifying hedge fund and you complete Question 43 in Section 2).

For counterparties to which the *reporting fund* had net borrowing exposure, the *reporting fund’s* net mark to market counterparty credit exposure **before** collateral equals the *reporting fund’s cash borrowing entries*. The *reporting fund’s* net mark to market counterparty credit exposure **after** collateral is the amount (if any) by which the *reporting fund’s collateral posted entries* exceed such *cash borrowing entries*.

For counterparties to which the *reporting fund* had net lending exposure, the *reporting fund's* net mark to market counterparty exposure **before** collateral means the *cash lending entries*.

The *reporting fund's* net mark to market counterparty credit exposure **after** collateral equals the amount (if any) by which the *reporting fund's* *cash lending entries* exceeds the *collateral received entries*.

For all counterparties (whether the *reporting fund* had *borrowing* or lending exposure), these computations will produce a positive value for the counterparties to which the *reporting fund* had net mark to market counterparty credit exposure **after** collateral. This may occur where the *reporting fund's* posted collateral exceeded *borrowings* by the *reporting fund* from a counterparty. It also may occur where collateral received by the *reporting fund* fell short of the *reporting fund's* net mark to market counterparty credit exposure through *cash and cash equivalents* received by a counterparty in margin borrowing, securities lending, *repo* and *reverse repo* transactions, and mark to market exposure in derivatives transactions.

Report the legal entity name and *LEI* of each creditor or other counterparty, if it has one, in column (i) and (ii) below. Indicate if the counterparty is affiliated with a major financial institution in column (iii). If you select "other," name and describe the financial institution in Question 4. In columns (iv) and (v), provide the *reporting fund's* net mark to market counterparty credit exposure, **before** taking into account collateral (which will be a negative number where the *reporting fund* is a net borrower, and a positive number where the *reporting fund* is a net lender), and net mark to market counterparty credit exposure, **after** taking into account collateral (which will always be a positive number for counterparties included in this table). Report the legal name in column (vi) and its *LEI*, if any, in column (vii), of the entity that has the counterparty exposure.

Do not treat affiliated counterparty entities as a single group, except that, if the applicable contractual and legal documentation requires cross margining, report the legal entity name and *LEI* of the contractual counterparty, typically the prime broker.

(i) Legal name of the counterparty	(ii) Counterparty <i>LEI</i> , if any	(iii) Indicate if the counterparty is affiliated with a major financial institution	(iv) Net mark to market exposure before collateral (in U.S. dollars)	(v) Net mark to market exposure after collateral (in U.S. dollars)	(vi) Legal name of entity	(vii) Entity <i>LEI</i> , if any
(a)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(b)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(c)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(d)		[drop-down list of counterparty names] Other: _____ [Not applicable]				
(e)		[drop-down list of counterparty names]				

		Other: _____ [Not applicable]				
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29. Provide the following information regarding your use of trading and clearing mechanisms during the reporting period.

*(Provide good faith estimates of the mode in which each category was traded and cleared by the reporting fund, and not the market as a whole. For purposes of this question, a “trade” includes any transaction, whether entered into on a bilateral basis or through an exchange, trading facility or other system and whether long or short. With respect to clearing, transactions for which margin is held in a customer omnibus account at a CCP should be considered cleared by a CCP. Tri-party repo applies where repo/reverse repo collateral is executed using collateral management and settlement services of a third party that does not act as a CCP. Sponsored repo/reverse repo, including sponsored tri-party repo applies to transactions in which the reporting fund has been sponsored by a sponsoring member of the Fixed Income Clearing Corporation (FICC).)*

*(Enter “NA” in each part of this question for which the reporting fund engaged in no relevant trades.)*

*(In column (i) “value traded,” report the total value in U.S. dollars of the reporting fund’s transactions in the instrument category and trading mode during the reporting period. In determining the “value traded” of derivatives trades for purposes of Questions 29(b) and 29(c), you should use the weighted-average of the notional amount of the aggregate derivatives transactions entered into by the reporting fund during the reporting period, except for the following: (1) for options, you would use the delta adjusted notional value, (2) for interest rate derivatives, you would use the 10-year bond equivalent.)*

*(In column (ii) “end of reporting period value of positions,” report the sum of the absolute value of all of the reporting fund’s long and short positions in each category and mode at (a) to (d) on the last date of the reporting period. If you complete Section 2 for the reporting fund, the sum of the end of the reporting period value of positions in each category should be consistent with the sum of long and short positions for sub-asset classes in that category reported in Question 32.)*

(i) <i>value</i> traded (in U.S. dollars)	(ii) End of reporting period <i>value</i> of positions
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(a) securities (other than derivatives) that were traded by the *reporting fund*.

On a regulated exchange

*OTC*


(b) *interest rate derivatives* that were traded by the *reporting fund*

On a regulated exchange or swap execution facility

*OTC (and cleared by a CCP)*

*OTC*/bilaterally transacted (and not cleared by a *CCP*)


(c) *derivatives* (other than *interest rate derivatives*) that were traded by the *reporting fund* and:

On a regulated exchange or swap execution facility

*OTC (and cleared by a CCP)*

*OTC*/bilaterally transacted (and not cleared by a *CCP*)


(d) *repo/reverse repo* trades that were entered into by the *reporting fund* and:

Cleared by a *CCP* (other than sponsored *repo/reverse repo*)

Cleared by a *CCP* (sponsored *repo/reverse repo*).

Bilaterally transacted (and not cleared by a *CCP* and not settled on *tri-party platform*)

Tri-party *repo/reverse repo* (and not cleared by a *CCP*)


30. For transactions of the *reporting fund* that are not described in any of the categories listed in items (a) through (d) of Question 29, provide:

(a) the *value* traded (in U.S. dollars) during the *reporting period*, calculated according to the method prescribed for column (i) of Question 29, and

(b) the end of *reporting period value* of positions, calculated according to the method prescribed for column (ii) of Question 29.

**Section 2: Information about *qualifying hedge funds* that you advise.**

You must complete a separate Section 2 for each *qualifying hedge fund* that you advise, except as provided by Instruction 6. With respect to *master-feeder arrangements* and *parallel fund structures* that collectively comprise *qualifying hedge funds*, report the component funds as provided in the General Instructions. See Instructions 3, 5, and 6.

**Item A. Reporting fund identifying information**

31. (a) Name of the *reporting fund* .....
- (b) *Private fund* identification number of the *reporting fund* .....

**Item B. Reporting fund exposures and trading**

32. *Reporting fund* exposures.

For each month of the *reporting period*, report the information required by (a) to (c) below for the *reporting fund's* long and short positions, by *sub-asset class* (and *instrument type*, if applicable). Report the absolute value of short positions. You are not required to report for *sub-asset classes* for which there are no relevant positions.

For this question, *sub-asset classes are: listed equity* issued by financial institutions; American Depositary Receipts; other single name *listed equity*; indices on *listed equity*; other *listed equity*; *unlisted equity* issued by financial institutions; other *unlisted equity*; *investment grade corporate bonds* issued by financial institutions (other than *convertible bonds*); *investment grade corporate bonds* not issued by financial institutions (other than *convertible bonds*); *non-investment grade corporate bonds* issued by financial institutions (other than *convertible bonds*); *non-investment grade corporate bonds* not issued by financial institutions (other than *convertible bonds*); *investment grade convertible bonds* issued by financial institutions; *investment grade convertible bonds* not issued by financial institutions; *non-investment grade convertible bonds* issued by financial institutions; *non-investment grade convertible bonds* not issued by financial institutions; U.S. treasury bills; U.S. treasury notes and bonds; *agency securities*; *GSE bonds*; *sovereign bonds* issued by *G10* countries other than the U.S, other *sovereign bonds* (including supranational bonds); U.S. state and local bonds; *leveraged loans*; loans (excluding *leveraged loans* and *repo*); overnight *repo*, term *repo* (other than overnight); open *repo*; *MBS*; *ABCP*; *CDO* (senior or higher); *CDO* (mezzanine); *CDO* (junior equity); *CLO* (senior or higher); *CLO* (mezzanine); *CLO* (junior equity); *Other ABS*, other *structured products*; U.S. dollar *interest rate derivatives*; non-U.S. currency *interest rate derivatives*; sovereign *single name CDS*; financial institution *single name CDS*; other *single name CDS*; *index CDS*; *exotic CDS*; *foreign exchange derivatives*; *correlation derivatives*; *inflation derivatives*; *volatility derivatives*; *variance derivatives*; other *derivatives*, agricultural *commodities*; crude oil *commodities*; natural gas *commodities*; power and other energy *commodities*; gold *commodities*; other (non-gold) precious metal *commodities*; base metal *commodities*; other *commodities*; real estate; digital assets; U.S. currency holdings; non-U.S. currency holdings; certificates of deposit; other deposits; *money market funds*; other *cash and cash equivalents* (excluding bank deposits, certificates of deposit, *money market funds*, and U.S. treasury bills, notes and bonds); *investments in other sub-asset classes*. If a particular asset could be classified as both a digital asset and another asset, report the asset as the non-digital asset.

Choose the *sub-asset class* (and *instrument type*, if applicable) that describes the *sub-asset class* exposure and *instrument type* of the *reporting fund's* positions with the highest degree of precision. Include positions held in side-pockets as positions of the *reporting fund*. Include any closed out and *OTC* forward positions that have not yet expired/matured. Provide the absolute value of short positions. Report cash borrowed via *reverse repo* as the short value of *repos*. See definitions of *repo* and *reverse repo* in the Glossary.

(a) (1) Except for the *sub-asset classes* identified by (a)(2) below, report the dollar value of long positions and the dollar value of short positions in each *sub-asset class* by *instrument type*: For this purpose, *instrument types* are: cash/physical instruments, futures, forwards, swaps, listed options, unlisted options, *other derivative products*, *ETFs*, *other exchange traded products*, U.S. registered investment companies (excluding *ETFs* and *money market funds*), *investments in non-U.S. registered investment companies*, *internal private funds*, *external private funds*, *commodity pools*, and any other company, fund or entity. For *foreign exchange derivatives*, report foreign exchange swaps and currency swaps separately. In determining dollar value, do not net long and short positions within *sub-asset classes* or *instrument types* (with the exception of spot foreign exchange longs and shorts).

In determining the *reporting fund's* exposure to *sub-asset classes* for positions held indirectly through entities, e.g., *ETFs*, *other exchange traded products*, U.S. registered investment companies (excluding *ETFs* and *money market funds*), *investments in non-U.S. registered investment companies*, *external private funds*, *internal private funds*, *commodity pools*, or other companies, funds or entities, you may allocate the position among *sub-asset classes* and *instrument types* using reasonable estimates consistent with your internal methodologies and conventions of service providers. You may report an entirely indirectly held entity position in one *sub-asset class* and *instrument type* that best represents the *sub-asset class exposure* of the indirectly held entity, unless you would allocate the exposure of the indirectly held entity more granularly under your own internal methodologies and conventions of your service providers.

- (i) Long:
- (ii) Short:

(2) Report the dollar value of long positions and the dollar value of short positions for the *sub-asset class* (not by *instrument type*) for these *sub-asset classes*: *leveraged loans*, loans (excluding *leveraged loans* and *repo*); *overnight repo*, *term repo* (other than *overnight*), *open repos*; *sovereign single name CDS*; *financial institution single name CDS*; *other single name CDS*, *index CDS*; *exotic CDS*; U.S. currency holdings, non-U.S. currency holdings, certificates of deposit, other deposits, *money market funds*, *other cash and cash equivalents* (excluding bank deposits, certificates of deposit, *money market funds*, and U.S. treasury bills, notes and bonds).

- (i) Long:
- (ii) Short:

Describe the nature of the *reporting fund's* investment positions in Question 4, if you report long or short dollar value equal to or exceeding either (1) 5% of the *reporting fund's net asset value* or (2) \$1 billion in any of these *sub-asset classes*: loans (excluding *leveraged loans* and *repo*), *other structured products*, *other derivatives*, *other commodities*, digital assets, *investments in other sub-asset classes*.)

(b) *Adjusted exposure* (1) For each *sub-asset class* in which the *reporting fund* held relevant positions, calculate the *adjusted exposure* of long and short positions by netting positions in the same underlying *reference asset* across *instrument type*, and for fixed income assets, within the same term, using the following *maturity* buckets: 0-1 year, 1-2 year, 2-5 year, 5-10 year, 10-15 year, 15-20 year, and 20+ year. You may net counterparties consistent with the information you report internally and to current and prospective investors.

- (i) Long:
- (ii) Short:

(2) If, under your methodologies for internal reporting and reporting to investors, you do not net all positions across all *instrument types* in monitoring the economic exposure of the *reporting fund's* investment positions, you must also (i) report *adjusted exposure* for each *sub-asset class* calculated using your internal methodologies, and (ii) describe in Question 4 how your internal methodologies differ from the calculations required by subsection (b)(1).

(c) Interest rate risk (*10-year bond equivalent*). For *sub-asset classes* with interest rate risk, report the *10-year bond equivalent* of the *sub-asset class* long position dollar value and short position dollar value (by *instrument* type, if applicable) and *adjusted exposure*. Report *10-year bond equivalent* as a long value for positions that have a gain when rates decline, and as a short value for positions that have a loss when rates decline,

(NOTE: *10-year bond equivalent* is required for these *sub-asset classes*: *investment grade corporate bonds* issued by financial institutions (other than *convertible bonds*); *investment grade corporate bonds* not issued by *financial institutions* (other than *convertible bonds*); *non-investment grade corporate bonds* issued by financial institutions (other than *convertible bonds*); *non-investment grade corporate bonds* not issued by *financial institutions* (other than *convertible bonds*); *investment grade convertible bonds* issued by *financial institutions*; *investment grade convertible bonds* not issued by financial institutions; *non-investment grade convertible bonds* issued by *financial institutions*; *non-investment grade convertible bonds* not issued by financial institutions; U.S. treasury bills, U.S. treasury notes and bonds; *U.S. agency securities*; *GSE bonds*; *sovereign bonds* issued by *G10* countries other than the U.S, other *sovereign bonds* (including supranational bonds); U.S. state and local bonds; *leveraged loans*, loans (excluding *leveraged loans* and *repo*); overnight *repo*, term *repo* (other than overnight), open *repo*, *MBS*, *ABCP*, Senior or higher *CDO*, *Mezzanine CDO*, Junior equity *CDO*, Senior or higher *CLO*, *Mezzanine CLO*, Junior equity *CLO*, *Other ABS*, *other structured products*; U.S. dollar *interest rate derivatives*, non-U.S. currency *interest rate derivatives*; certificates of deposit).

33. (a) For each month of the *reporting period*, report the net long value and net short value of the *reporting fund's* currency exposure arising from *foreign exchange derivatives* and all other assets and liabilities of the *reporting fund* that are denominated in a currency other than the *reporting fund's* base currency.

Currency	1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
	Long value	Short value	Long value	Short value	Long value	Short value
[drop-down of currencies]						
[drop-down of currencies]						

(b) For each month of the *reporting period*, identify each currency to which the *reporting fund* has long dollar value or short dollar value exposure equal to or exceeding either (1) 5% of the *reporting fund's* net asset value or (2) \$1 billion and report the long dollar value and short dollar value of this exposure in U.S. dollars.

*In responding to this question, include the spot currency exposure arising from all holdings, including assets denominated in foreign currencies, and derivative products with currency exposure. Include currency exposure obtained indirectly (e.g., through ETFs, exchange traded products, U.S. registered investment companies, non-U.S. registered investment companies, internal private funds, external private funds, commodity pools, or other companies, funds or entities). You may report reasonable estimates, if consistent with your internal methodologies and conventions of service providers. For indirectly held exposures, report currency exposures using reasonable estimates that best represent the exposures of the entity and are consistent with your internal methodologies and conventions of service providers.*

Currency	1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
	Long value	Short value	Long value	Short value	Long value	Short value
[drop-down of currencies]						
[drop-down of currencies]						

34. For each month of the *reporting period*, provide the value of turnover during the month in each of the asset classes listed below for the *reporting fund*.

*(The value of turnover is the sum of the absolute values of transactions in the relevant asset class during the period.)*

1<sup>st</sup> Month    2<sup>nd</sup> Month    3<sup>rd</sup> Month



investment companies, non-U.S. registered investment companies, internal private funds, external private funds, commodity pools, or other companies, funds or entities. You may report reasonable estimates, if consistent with your internal methodologies and conventions of service providers. For indirectly held exposures, report country exposures using reasonable estimates that best represent the exposures of the entity and are consistent with your internal methodologies and conventions of service providers.

ISO Code	1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
	Long value	Short value	Long value	Short value	Long value	Short value
[drop-down of ISO Code]						
[drop-down of ISO Code]						

36. For each month of the reporting period, identify the reporting fund's exposure by industry, based on the NAICS codes of the underlying exposures, equal or exceeding either: (1) 5% of the reporting fund's net asset value or (2) \$1 billion, and report the long dollar value and short dollar value of this exposure in U.S. dollars.

Include industry exposure obtained indirectly (e.g., through ETFs, exchange traded products, U.S. registered investment companies, non-U.S. registered investment companies, internal private funds, external private funds, commodity pools, or other companies, funds or entities). You may respond to this Question using reasonable estimates based on your internal methodologies consistent with information you report internally and to investors. For indirectly held exposures, report industry exposures using reasonable estimates that best represent the exposures of the entity and are consistent with your internal methodologies and conventions of service providers.

NAICS Code	1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
	Long value	Short value	Long value	Short value	Long value	Short value
[drop-down of NAICS Code]						
[drop-down of NAICS Code]						

37. Provide the following information regarding the liquidity of the reporting fund's portfolio.

Specify the percentage by value of the reporting fund's positions that may be liquidated within each of the periods specified below. Each investment can be assigned to more than one period, but assignments should be based on the shortest period during which you believe that such position could reasonably be liquidated at or near its carrying value. If an investment is assigned to more than one period, reflect the percentage of net asset value that might be liquidated within each period (as opposed to the percentage of net asset value that the entire investment represents). Use good faith estimates for liquidity based on market conditions over the reporting period and assuming no fire-sale discounting. Estimates must be based on a methodology that takes into account changes in portfolio composition, position size and market conditions over time. For example, estimates would change if the portfolio invests in more or less liquid assets, if/when the portfolio investments grow to a size relatively to the liquidity of the markets in which it invests that requires more time to liquidate, and if liquidity characteristics change measurably and meaningfully for the assets in which the portfolio invests. In the event that individual positions are important contingent parts of the same trade, group all those positions under the liquidity period of the least liquid part (so, for example, in a convertible bond arbitrage trade, the liquidity of the short should be the same as the convertible bond). Include cash and cash equivalents.

(The total should add up to approximately 100%.)

	% of NAV
1 day or less .....	
2 days – 7 days.....	
8 days – 30 days.....	

- 31 days – 90 days.....
- 91 days – 180 days.....
- 181 days – 365 days.....
- Longer than 365 days.....

1 <sup>st</sup> Month	2 <sup>nd</sup> Month	3 <sup>rd</sup> Month

38. Value of reporting fund's unencumbered cash.....

39. Report the following with respect to the reporting fund's long and short netted exposure to reference assets at the end of each month of the reporting period:

For purposes of this Question 39, netted exposure means the sum of all positions with legal and contractual rights that provide exposure to the same reference asset. Take into account all positions, including offsetting and partially offsetting positions, relating to the same reference asset (without regard to counterparties or issuers of a derivative or other instrument that reflects the price of the reference asset). The netted exposure to a reference asset will be either long or short. Determine the value of each netted exposure to each reference asset in U.S. dollars, expressed as the delta adjusted notional value, or as the 10-year bond equivalent for reference assets that are fixed income assets.

Do not report exposure to cash and cash equivalents.

1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
Long	Short	Long	Short	Long	Short

- (a) Total number of reference assets to which the reporting fund holds long and short netted exposure (approximate)
- (b) Percent of net asset value represented by the aggregated netted exposures of reference assets with the top five (5) long and short netted exposures.
- (c) Percent of net asset value represented by the aggregate netted exposures of reference assets representing the top ten (10) long and short netted exposures.


40. As of the end of each month in the reporting period, provide the information requested below for each reference asset to which the reporting fund has gross exposure equal to or exceeding:

- (i) 1% of net asset value, if the reference asset is a debt security and the reporting fund's gross exposure to the reference asset exceeds 20% of the size of the overall debt security issuance;
- (ii) 1% of net asset value, if the reference asset is a listed equity and the reporting fund's gross exposure to the reference asset exceeds 20% of average daily trading volume measured over 90 days preceding the reporting date; or
- (iii) either (1) 5% of the reporting fund's net asset value or (2) \$1 billion.

For purpose of this Question 40, the reporting fund's gross exposure to a reference asset means the sum of the absolute value of all long and short positions with legal and contractual rights that provide exposure to the reference asset.

- (a) First month of the reporting period, Position 1, 2, 3, etc.

- (i) Dollar *value* (in U.S. dollars) of all long positions with legal and contractual rights that provide exposure to the *reference asset*.
- (ii) Dollar *value* (in U.S. dollars) of all short positions with legal and contractual rights that provide exposure to the *reference asset*.
- (iii) *Netted exposure to reference asset* (as defined by Question 39 Instructions).
- (iv) *Sub-asset class and instrument type*: Instruction: *Select all that apply*. [two drop down menus]
- (v) Title or description of *reference asset*:
- (vi) *Reference asset issuer* (if any) name and *LEI*.
- (vii) CUSIP (if any), and at least one of the following other identifiers: (i) ISIN; (ii) Ticker if ISIN is not available; (iii) Other unique identifier (if ticker and ISIN are not available) [Must indicate type of identifier used].
- (viii) For *reference assets* with no CUSIP or other identifier, describe the *reference asset*.
- (ix) If the *reference asset* is a debt security, size of issue:
- (x) If the *reference asset* is a *listed equity*, average daily trading volume, measured over 90 days preceding the *reporting date*.
- (xi) FIGI (optional)

(b) Second month of the *reporting period*, Position 1, 2, 3, etc. (same list of information to collect)

(c) Third month of the *reporting period*, Position 1, 2, 3, etc. (same list of information to collect)

#### 41. *Consolidated Counterparty Exposure Table*

Report in the *consolidated counterparty exposure table* below the *reporting fund's borrowing and collateral received (B/CR)* and *lending and posted collateral (L/PC)* aggregated across all counterparties (including all *CCPs*) in U.S. dollars as of the end of each month of the *reporting period*.

You must net the *reporting fund's* exposure with each counterparty and among affiliated entities of a counterparty to the extent such exposures may be contractually or legally set-off or netted across those entities and/or one *affiliate* guarantees or may otherwise be obligated to satisfy the obligations of another under the agreements governing the transactions. Netting must be used to reflect net cash borrowed from or lent to a counterparty, but must not be used to offset securities borrowed and lent against one another, when reporting prime brokerage and *repo/reverse repo* transactions. Classify *borrowing* by creditor type (e.g., percentage borrowed from *U.S. depository institutions*, U.S. creditors that are not *U.S. depository institutions*, non-U.S. creditors) based on the legal entity that is the contractual counterparty for such borrowing and not based on parent company or other affiliated group.

Report the counterparty exposures of *trading vehicles* owned by the *reporting fund* based on the *reporting fund's* percentage ownership of each *trading vehicle*, without netting these exposures with those of the *reporting fund* if they are not guaranteed by the *reporting fund* or contractual obligations of the *reporting fund*. If the *reporting fund* guarantees or is contractually obligated to fulfill obligations of such *trading vehicles* or affiliated *private funds*, such exposures must be reported net with those of the *reporting fund*. If an adviser to an affiliated *private fund* separately files Form PF, such adviser must exclude such exposures if they have been included in the *reporting fund's* filing.

In completing the table, classify *borrowing and collateral received* and *lending and posted collateral* according to type, (e.g., *unsecured, secured borrowing*, derivatives cleared by a *CCP*, and uncleared derivatives) and the governing legal agreement, e.g., a prime brokerage or other brokerage agreement for cash margin and securities lending and borrowing, a global master repurchase agreement for *repo/reverse repo*, or an *ISDA* master agreement for *synthetic long positions, synthetic short positions* and *other derivatives*. Report transactions under master securities loan agreement as other *secured borrowing*.

Check this box if one or more prime brokerage agreements provide for cross-margining of

derivatives and secured financing transactions. If you have checked this box, and collateral does not clearly pertain to secured financing vs. derivatives transactions, report exposures and collateral as follows:

- For secured financing, exposures and collateral should be reported in sections (b), (c) and (d) as applicable.
- For derivatives,
  - Report the *gross notional value* and the mark-to-market of the derivatives transactions with *other derivatives* transactions (line (e)(i) or lines (f)(i) and (ii))
  - Report associated collateral as collateral received (*B/CR*) or posted collateral (*L/PC*) under the prime brokerage agreement (lines (b)(ii),(iii), (iv) and (v)).
- For derivatives cleared by a *CCP*, for cases where the prime broker gathers additional collateral in excess of that required by exchanges, report collateral posted by the *reporting fund* to meet exchange requirements in the cleared derivatives section on lines (e)(ii), (iii), (iv), and (v) and any additional collateral gathered by the prime broker under a cross margining agreement should appear on lines (b)(ii), (iii),(iv) and (v).

	1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
	<i>B/CR</i>	<i>L/PC</i>	<i>B/CR</i>	<i>L/PC</i>	<i>B/CR</i>	<i>L/PC</i>
(a) <i>Unsecured borrowing – cash and cash equivalents</i>		Not Applicable		Not Applicable		Not Applicable
(A) percentage borrowed from <i>U.S. depository institutions</i>		Not Applicable		Not Applicable		Not Applicable
(B) percentage borrowed from U.S. creditors that are not <i>U.S. depository institutions</i>		Not Applicable		Not Applicable		Not Applicable
(C) percentage borrowed from non-U.S. creditors		Not Applicable		Not Applicable		Not Applicable

(b) *Secured borrowing and lending (prime brokerage or other brokerage agreement)*

(i) <i>cash and cash equivalents</i> received in cash margin borrowing, or received or paid by the <i>reporting fund</i> in securities lending and short sale transactions						
(ii) <i>cash and cash equivalents</i> received and posted by the <i>reporting fund</i> as collateral for derivatives under any cross-margining agreement						
(iii) <i>government securities</i> (other than <i>cash and cash equivalents</i> ) received and posted by the <i>reporting fund</i>						
(iv) securities (other than <i>cash and cash equivalents</i> and <i>government securities</i> ) received and posted by the <i>reporting fund</i>						
(v) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the <i>reporting fund</i>						
(vi) percentage of <i>secured borrowing</i> (prime brokerage or other brokerage agreement) (sum of (b)(i), (iii), (iv) and (v))						
(A) borrowed from <i>U.S. depository institutions</i>		Not Applicable		Not Applicable		Not Applicable
(B) borrowed from U.S. creditors that are not <i>U.S. depository institutions</i>		Not Applicable		Not Applicable		Not Applicable
(C) borrowed from non-U.S. creditors		Not Applicable		Not Applicable		Not Applicable
(vii) at the end of each month of the <i>reporting period</i> , expected increase in collateral required to be posted by the <i>reporting fund</i> , if required margin increases by 1% of position size.	Not Applicable		Not Applicable		Not Applicable	

**1<sup>st</sup> Month**                      **2<sup>nd</sup> Month**                      **3<sup>rd</sup> Month**  
**B/CR**    **L/PC**                      **B/CR**    **L/PC**                      **B/CR**    **L/PC**

(c) Secured borrowing and lending via repo and reverse repo (include tri-party repo)

(i) cash and cash equivalents						
(ii) government securities (other than cash and cash equivalents) received and posted by the reporting fund						
(iii) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund						
(iv) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund						
(v) percentage of secured borrowing via repo and reverse repo (sum of (c)(i), (ii), (iii) and (iv))						
(A) borrowed from U.S. depository institutions		Not Applicable		Not Applicable		Not Applicable
(B) borrowed from U.S. creditors that are not U.S. depository institutions		Not Applicable		Not Applicable		Not Applicable
(C) borrowed from non-U.S. creditors		Not Applicable		Not Applicable		Not Applicable
(vi) at the end of each month of the reporting period, expected increase in collateral required to be posted by the reporting fund, if required margin increases by 1%	Not Applicable		Not Applicable		Not Applicable	

(d) Other secured borrowing and lending (describe in Question 4)

(i) cash and cash equivalents						
(ii) government securities (other than cash and cash equivalents) received and posted by the reporting fund						
(iii) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund						
(iv) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund						
(v) percentage of other secured borrowing (sum of (d)(i), (ii), (iii) and (iv))						
(A) borrowed from U.S. depository institutions		Not Applicable		Not Applicable		Not Applicable
(B) borrowed from U.S. creditors that are not U.S. depository institutions		Not Applicable		Not Applicable		Not Applicable
(C) borrowed from non-U.S. creditors		Not Applicable		Not Applicable		Not Applicable
(vi) at the end of each month of the reporting period, expected increase in collateral required to be posted by the reporting fund, if required margin increases by 1%	Not Applicable		Not Applicable		Not Applicable	

(e) Derivative positions cleared by a CCP

(i) mark-to-market exposure of derivatives transactions before collateral						
(ii) cash and cash equivalents received and posted by the reporting fund as collateral						
(iii) government securities (other than cash and cash equivalents) received and posted by the reporting fund as collateral						
(iv) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund as collateral						
(v) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund						

	1 <sup>st</sup> Month		2 <sup>nd</sup> Month		3 <sup>rd</sup> Month	
	B/CR	L/PC	B/CR	L/PC	B/CR	L/PC
(vi) at the end of each month of the <i>reporting period</i> , expected increase in collateral required to be posted by the <i>reporting fund</i> , if required margin increases by 1%	Not Applicable		Not Applicable		Not Applicable	

(f) Derivative positions that are not cleared by a CCP (uncleared)

(i) <i>gross notional value</i> of <i>synthetic long positions</i> and <i>synthetic short positions</i>						
(ii) mark-to-market exposure of derivatives transactions before collateral						
(iii) <i>cash and cash equivalents</i> received and posted by the <i>reporting fund</i> as collateral						
(iv) <i>government securities</i> (other than <i>cash and cash equivalents</i> ) received and posted by the <i>reporting fund</i> as collateral						
(v) securities (other than <i>cash and cash equivalents</i> and <i>government securities</i> ) received and posted by the <i>reporting fund</i> as collateral						
(vi) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the <i>reporting fund</i>						
(vii) percentage of <i>synthetic long positions</i> (sum of (f)(i), (iii), (iv) and (v))						
(A) from <i>U.S. depository institutions</i>		Not Applicable		Not Applicable		Not Applicable
(B) from U.S. creditors that are not <i>U.S. depository institutions</i>		Not Applicable		Not Applicable		Not Applicable
(C) from non-U.S. creditors		Not Applicable		Not Applicable		Not Applicable
(viii) at the end of each month of the <i>reporting period</i> , expected increase in collateral required to be posted by the <i>reporting fund</i> , if required margin increases by 1%	Not Applicable		Not Applicable		Not Applicable	

42. Identify each creditor or other counterparty (including CCPs) to which the *reporting fund* owed an amount in respect of *cash borrowing entries* (before posted collateral) which is equal to or greater than either (1) 5% of *net asset value* as of the *data reporting date*, or (2) \$1 billion. In subsection (a), complete an *individual counterparty exposure table* for the five creditors and counterparties to which the *reporting fund* owed the greatest dollar amount in *cash borrowing entries* (before posted collateral). Follow the instructions for the *consolidated counterparty exposure table* in completing each *individual counterparty exposure table*.

Identify in subsection (b) all other creditors and counterparties (including CCPs) that were not the top five listed in the *individual counterparty exposure tables*, but to which the *reporting fund* owed an amount in respect of *cash borrowing entries* (before posted collateral) which is equal to or greater than either (1) 5% of the *reporting fund's net asset value* as of the *data reporting date*, or (2) \$1 billion.

For the entities identified in subsection (b), report the legal entity name and *LEI* of each creditor or other counterparty, if it has one, as indicated in subsections (a)(i) or in subsection (b) at columns (a) and (c). Indicate whether the creditor or counterparty is affiliated with a major financial institution in subsection (a)(i)(c) or in subsection (b) at column (c). If you select "other," name and describe the financial institution in Question 4. You may not treat affiliated counterparty entities as a single group, except that, if the applicable contractual and legal documentation requires cross margining, report the *LEI* of the contractual counterparty, typically the prime broker.

For subsection (b), for each entity identified, report the *cash borrowing entries* as determined above in column (d) as a negative number and report total *collateral posted entries* by the *reporting fund* in column (e) as a positive number. Report the legal name in column (vi) and its *LEI*, if any, in column

(vii), of the entity that has the counterparty exposure.

(a) *Individual Counterparty Exposure Table - Top 5 Creditor Counterparties [1, 2, 3, 4, 5]: (Because borrowing and cash lending should be netted for each counterparty, only one entry is required in each row of this table.)*

- (i) (a) Legal name of counterparty,
- (b) Counterparty *LEI*, if any,
- (c) indicate if affiliated with a major financial institution [drop-down menu],
- (d) *Borrowing* by the *reporting fund*,
- (e) Collateral posted by the *reporting fund*,
- (f) Legal name of entity that has the exposure, and
- (g) Entity *LEI*, if any

**B/CR**      **L/PC**

(ii) <i>Unsecured borrowing – cash and cash equivalents</i>		NA
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(iii) *Secured borrowing and lending (prime brokerage or other brokerage agreement)*

Check this box if one or more prime brokerage agreements provide for cross-margining of derivatives and secured financing transactions. If you have checked this box, and collateral does not clearly pertain to secured financing vs. derivatives transactions, report exposures and collateral as follows:

- For secured financing, exposures and collateral should be reported in sections (iii), (iv) and (v), as applicable
- For derivatives,
  - Report the *gross notional value* and the mark-to-market of the derivatives transactions with *other derivatives* transactions (lines (vi)(A) and (vii)(A) and (B))
  - Report associated collateral as collateral received (*B/CR*) or posted collateral (*L/PC*) under the prime brokerage agreement (lines (iii)(B),(C), (D) and (E)).
- For derivatives cleared by a *CCP*, for cases where the prime broker gathers additional collateral in excess of that required by exchanges, report collateral posted by the *reporting fund* to meet exchange requirements in the cleared derivatives section on lines (vi)(B), (C), (D), and (E), and enter any additional collateral gathered by the prime broker under a cross margining agreement on lines (iii)(B),(C), (D) and (E).

(A) <i>cash and cash equivalents</i> received in cash margin borrowing, or received or paid by the <i>reporting fund</i> in securities lending and short sale transactions		
(B) <i>cash and cash equivalents</i> received and posted by the <i>reporting fund</i> as collateral for derivatives under any cross-margining agreement		
(C) <i>government securities</i> (other than <i>cash and cash equivalents</i> ) received and posted by the <i>reporting fund</i>		
(D) securities (other than <i>cash and cash equivalents</i> and <i>government securities</i> ) received and posted by the <i>reporting fund</i>		
(E) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the <i>reporting fund</i>		

## (iv) Secured borrowing and lending via repo and reverse repo (include tri-party repo)

(A) cash and cash equivalents		
(B) government securities (other than cash and cash equivalents) received and posted by the reporting fund		
(C) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund		
(D) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund		

## (v) Other secured borrowing and lending (describe in Question 4)

(A) cash and cash equivalents		
(B) government securities (other than cash and cash equivalents) received and posted by the reporting fund		
(C) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund		
(D) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund		

## (vi) Derivative positions cleared by a CCP

(A) mark-to-market exposure of derivatives transactions before collateral		
(B) cash and cash equivalents received and posted by the reporting fund as collateral		
(C) government securities (other than cash and cash equivalents) received and posted by the reporting fund as collateral		
(D) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund as collateral		
(E) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund		

## (vii) Derivative positions that are not cleared by a CCP (uncleared)

(A) gross notional value of synthetic long positions and synthetic short positions		
(B) mark-to-market exposure of derivatives transactions before collateral		
(C) cash and cash equivalents received and posted by the reporting fund as collateral		
(D) government securities (other than cash and cash equivalents) received and posted by the reporting fund as collateral		
(E) securities (other than cash and cash equivalents and government securities) received and posted by the reporting fund as collateral		
(F) other collateral or credit support (including face amount of letters of credit and similar third party credit support) received and posted by the reporting fund		

## (b) Other Creditors and Counterparties

(a) Legal name of creditor or other counterparty	(b) Counterparty LEI, if any	(c) Indicate if creditor or other counterparty is affiliated with a major financial institution	(d) Borrowing by the reporting fund (in U.S. dollars)	(e) Collateral posted by the reporting fund (in U.S. dollars)	(f) Entity Legal Name	(g) Entity LEI, if any
(i)		[drop-down list of counterparty names] Other: [Not applicable]				
(ii)		[drop-down list of counterparty names] Other: [Not applicable]				
(iii)		[drop-down list of counterparty names] Other: [Not applicable]				

43. Provide the information required by this question for counterparties to which the *reporting fund* had net mark to market counterparty credit exposure, **after** taking into account collateral received or posted by the *reporting fund*, which is equal to or greater than either (1) 5% of the *reporting fund's net asset value* as of the *data reporting date*, or (2) \$1 billion. Include CCPs or other third parties holding posted collateral of the *reporting fund* in respect of cleared exposures (including tri-party *repo*).

For counterparties to which the *reporting fund* had net *borrowing* exposure, the *reporting fund's* net mark to market counterparty credit exposure **before** collateral equals the *reporting fund's cash borrowing entries*. The *reporting fund's* net mark to market counterparty credit exposure **after** collateral is the amount (if any) by which the *collateral posted entries* exceed such *cash borrowing entries*.

For counterparties to which the *reporting fund* had net lending exposure, the *reporting fund's* net mark to market counterparty credit exposure **before** collateral means the *cash lending entries*. The *reporting fund's* net mark to market counterparty credit exposure **after** collateral equals the amount (if any) by which the *reporting fund's cash lending entries* exceed the *collateral received entries*.

For all counterparties (whether the *reporting fund* had borrowing or lending exposure), these computations will produce a positive value for the counterparties to which the *reporting fund* had net mark to market counterparty credit exposure **after** collateral. This may occur where the *reporting fund's* posted collateral exceeded *borrowings* by the *reporting fund* from a counterparty. It also may occur where collateral received by the *reporting fund* fell short of the *reporting fund's* net mark to market counterparty credit exposure through *cash and cash equivalents* received by a counterparty in margin borrowing, securities lending, *repo* and *reverse repo* transactions, and mark to market exposure in derivatives transactions.

Provide the information required by the *individual counterparty exposure table* at subsection (a) for the five counterparties to which the *reporting fund* had the greatest dollar net mark to market counterparty credit exposure **after** collateral. Do not report any counterparties that are reported in above in Question 42(a) and do not include counterparties to which the *reporting fund's* net market to market counterparty exposure (after collateral) was not greater than either (1) 5% of the *reporting fund's net asset value* on the *data reporting date*, or (2) \$1 billion.

If there are more than five counterparties to which the *reporting fund* had net mark to market counterparty credit exposure **after** collateral which was equal to or greater than either (1) 5% of the *reporting fund's net asset value* as of the *data reporting date*, or (2) \$1 billion (and which are not reported in Question 42(a)), identify these additional counterparties in subsection (b). Report, for each such counterparty, the *reporting*

*fund's* net mark to market counterparty credit exposure, **before** taking into account collateral (column (d)) which will be a negative number where the *reporting fund* is a net borrower, and a positive number where the *reporting fund* is a net lender, and net mark to market counterparty credit exposure, **after** taking into account collateral (column (e)), which will always be a positive number for any counterparties included in this table.

In the *individual counterparty exposure table*, report the legal entity name and *LEI* of each creditor or other counterparty, if it has one, as indicated in subsection (a)(i)(a) and (a) (i)(b) or in subsection (b), columns (a) and (b). Indicate in subsection (a)(i)(c) or subsection (b), column (c), if the counterparty is affiliated with a major financial institution. If you select “other,” name and describe the financial institution in Question 4. Report the legal entity name and *LEI*, if any, of each entity that has the counterparty exposure in columns (f) and (g). You may not treat affiliated counterparty entities as a single group, except that, if the applicable contractual and legal documentation requires cross margining, report the legal entity name and *LEI* of the contractual counterparty, typically the prime broker.

43(a) *Individual Counterparty Exposure Table — Top “Debtor” Counterparties Complete the Individual Counterparty Exposure Table (see Q42(a)) for each of the top “debtor” counterparties*

43(b) Other Counterparties

(a) Legal name of counterparty	(b) Counterparty <i>LEI</i> , if any	(c) Indicate if counterparty is affiliated with a major financial institution	(d) Net mark to market exposure before collateral (in U.S. dollars)	(e) Net mark to market exposure after collateral (in U.S. dollars)	(f) Legal name of entity	(g) Entity <i>LEI</i> , if any
(i)		[drop-down list of counterparty names] Other: [Not applicable]				
(ii)		[drop-down list of counterparty names] Other: [Not applicable]				
(iii)		[drop-down list of counterparty names] Other: [Not applicable]				

44. Identify each *CCP* or other third party holding collateral posted by the *reporting fund* in respect of cleared exposures (including tri-party repo) equal to or exceeding either (1) 5% of the *reporting fund's* net asset value as of the *data reporting date* or (2) \$1 billion. (Exclude counterparties reported in Questions 42 and 43). If a different legal entity than the *reporting fund* owns the collateral, report the entity's legal name and its *LEI*, if any.

CCP or Third party legal name	LEI, if any	CCP/third party affiliation with a major financial institution (if any)	Posted Margin (in U.S. dollars)	Net Exposure (in U.S. dollars)	Legal name of entity	Entity LEI, if any
(a)		[drop-down list of counterparty names] Other: [Not applicable]				
(b)		[drop-down list of counterparty names] Other: [Not applicable]				
(c)		[drop-down list of counterparty names] Other: [Not applicable]				

45. (a) Of the total amount of collateral and other credit support that counterparties have posted to the *reporting fund*, what percentage:

(i) may be rehypothecated?

(ii) has the *reporting fund* rehypothecated?


**Item C. Reporting fund risk metrics and performance**

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46. (a) During the *reporting period*, did you regularly calculate the *VaR* of the *reporting fund*?

(Please respond without regard to whether you reported the result of this calculation internally or to investors.)

Yes

No

(b) If you responded “yes” to Question 46(a), provide the following information.

(If you regularly calculate the *VaR* of the *reporting fund* using multiple combinations of confidence interval, horizon and historical observation period, complete a separate response to this Question 46(b) for each such combination.)

(i) Confidence interval used (e.g., 100%-alpha%) (as a percentage) .....

(ii) Time horizon used (in number of days).....

(iii) What weighting method was used to calculate *VaR*?

None

Exponential

Other:

(iv) If you responded “exponential” to Question 46(b)(iii), provide the weighting factor used (as a decimal to two places).....

(v) What method was used to calculate *VaR*?

Historical simulation

Monte Carlo simulation

Parametric

Other:

(vi) Historical lookback period used (in number of years; enter “NA” if none used).....

(vii) *VaR* at the end of the 1st month of the *reporting period* (as a % of NAV).....


--


- (viii) *VaR at the end of the 2nd month of the reporting period (as a % of NAV)* .....
- (ix) *VaR at the end of the 3rd month of the reporting period (as a % of NAV)* .....


47. For each of the market factors identified below, determine the effect of the specified changes on the reporting fund's portfolio and provide the results. For market factors that have no direct effect on the reporting fund's portfolio, enter zero.

In determining the reporting fund's exposure to changes in market factors for positions held indirectly through entities, e.g., *ETFs*, other *exchange traded products*, U.S. registered investment companies (excluding *ETFs* and *money market funds*), *investments in non-U.S. registered investment companies*, *external private funds*, *internal private funds*, *commodity pools*, or other companies, funds or entities, you may use reasonable estimates that best represent the exposure, consistent with your internal methodologies and conventions of service providers.

*(For market factors involving interest rates and credit spreads, separate the effect on your portfolio into long and short components where (i) the long component represents the aggregate result of all positions whose valuation changes in the opposite direction from the market factor under a given stress scenario, and (ii) the short component represents the aggregate result of all positions whose valuation changes in the same direction as the market factor under a given stress scenario.) (For market factors other than interest rates and credit spreads, separate the effect on your portfolio into long and short components where (i) the long component represents the aggregate result of all positions whose valuation changes in the same direction as the market factor under a given stress scenario and (ii) the short component represents the aggregate result of all positions whose valuation changes in the opposite direction from the market factor under a given stress scenario.) (Assume that changes in a market factor occur instantaneously and that all other factors are held constant. If the specified change in any market factor would make that factor less than zero, use zero instead.)*

*(Please note the following regarding the market factors identified below:*

- (i) A change in "equity prices" means that the prices of all equities move up or down by the specified amount, without regard to whether the equities are listed on any exchange or included in any index;*
- (ii) "Risk free interest rates" means rates of interest accruing on sovereign bonds issued by governments having the highest credit quality, such as U.S. treasury securities; and interest rate swap rates in which a fixed rate is exchanged for a risk-free floating rate such as the secured overnight financing rate (SOFR) or the sterling overnight index average (SONIA);*
- (iii) "Non-parallel risk free interest rate movements" means only risk free interest rates in the indicated segment of the yield curve move, and no other rates, factors or prices move, and that all rates within the indicated segment of the yield curve move by the same amount. The sum of all reported non-parallel risk free interest rate sensitivities for a given rate movement should total to the portfolio's sensitivity to a parallel risk free interest rate movement of that magnitude;*
- (iv) A change in "credit spreads" means that all spreads against risk free interest rates change by the specified amount;*
- (v) A change in "currency rates" means that the values of all currencies move up or down by the specified amount relative to the reporting fund's base currency;*
- (vi) A change in "commodity prices" means that the prices of all physical commodities move up or down by the specified amount;*
- (vii) A change in "option implied volatilities" means that the implied volatilities of all the options that the reporting fund holds increase or decrease by the specified number of percentage points (additive, not multiplicative); and*
- (viii) A change in "default rates" means that the rate at which debtors default on all instruments of the specified type increases or decreases by the specified number of percentage points.)*

Not relevant	Relevant/not formally tested	Market factor – changes in market factor	Effect on long components of portfolio (as % of NAV)	Effect on short components of portfolio (as % of NAV)
<input type="checkbox"/>	<input type="checkbox"/>	Equity prices:		
		Equity prices increase 10% .....		
		Equity prices decrease 10% .....		
<input type="checkbox"/>	<input type="checkbox"/>	Non-parallel risk free interest rate movements:		
		0-3 year rates only increase 50 bp		
		0-3 year rates only decrease 50 bp		
		>3-10 year rates only increase 50 bp		
		>3-10 year rates only decrease 50 bp		
		Only all >10 year rates increase 50 bp		
		Only all >10 year rates decrease 50 bp		
<input type="checkbox"/>	<input type="checkbox"/>	Credit spreads:		
		Credit spreads increase 100 bp.....		
		Credit spreads decrease 100 bp .....		
<input type="checkbox"/>	<input type="checkbox"/>	Currency rates:		
<input type="checkbox"/>	<input type="checkbox"/>	Currency rates increase 10%.....		
		Currency rates decrease 10% .....		
<input type="checkbox"/>	<input type="checkbox"/>	Commodity prices:		
<input type="checkbox"/>	<input type="checkbox"/>	Commodity prices increase 10%.....		
		Commodity prices decrease 10%.....		
<input type="checkbox"/>	<input type="checkbox"/>	Option implied volatilities:		
		Implied volatilities increase 10 percentage points.		
		Implied volatilities decrease 10 percentage points.		
<input type="checkbox"/>	<input type="checkbox"/>	Default rates (ABS):		
		Default rates increase 10 percentage points .....		
		Default rates decrease 10 percentage points .....		
<input type="checkbox"/>	<input type="checkbox"/>	Default rates (corporate bonds and CDS):		
		Default rates increase 10 percentage points .....		
		Default rates decrease 10 percentage points .....		

48. [Reserved]

49. If you indicated more than one investment strategy for the *reporting fund* in Question 25 and you report performance results to current and prospective investors, counterparties, or otherwise, for one or more of the investment strategies reported in Question 25, report the gross performance results attributable to each such strategy during the *reporting period* in base currency terms.

You are required to provide monthly performance results only if such results are reported for the *reporting fund* (whether for purposes of reporting to current and prospective investors, counterparties, or otherwise). *You are not required to respond to this question if you report performance for the reporting fund as an internal rate of return.*

Investment Strategy	1st Month	2nd Month	3rd Month	Quarterly

**Item D. Financing information**

---

50. Financing liquidity:

(a) Provide the aggregate dollar amount of *borrowing* by and cash financing available to the *reporting fund* (including all drawn and undrawn, committed and uncommitted lines of credit as well as any term financing) .....

--

(b) Provide the dollar amount of financing that is available to the *reporting fund* but not used by type:

(i) *unsecured borrowing*.....

(ii) *secured borrowing* via prime brokerage .....

(iii) *secured borrowing* via reverse repo .....

(iv) other *secured borrowings* .....

(c) Divide the amount reported in response to part (a) among the periods specified below depending on the longest period for which the creditor is contractually committed to provide such financing.

*(If a creditor (or syndicate or administrative/collateral agent) is permitted to vary unilaterally the economic terms of the financing or to revalue posted collateral in its own discretion and demand additional collateral, then the financing should be deemed uncommitted for purposes of this question. Uncommitted financing should be included under "1 day or less.")*

*(The total should add up to 100%.)*

	<b>% of total financing</b>
1 day or less .....	
2 days – 7 days.....	
8 days – 30 days .....	
31 days – 90 days .....	
91 days – 180 days .....	
181 days – 365 days.....	
Longer than 365 days.....	

**Item E. Investor information**

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(j) Amount of cash held by the *reporting fund*

(k) Total gross subscriptions (including divided reinvestments)

(l) Total gross redemptions


**Item C. Financing information**

---

57.

(a) Is the amount of total *borrowing* reported in response to Question 18 equal to or greater than 5% of the *reporting fund's net asset value*?

Yes                       No

(b) If you responded “yes” to Question 57(a) above, divide the dollar amount of total *borrowing* reported in response to Question 18 among the periods specified below depending on the type of *borrowing*, the type of creditor and the latest date on which the *reporting fund* may repay the principal amount of the *borrowing* without defaulting or incurring penalties or additional fees.

*(If a creditor (or syndicate or administrative/collateral agent) is permitted to vary unilaterally the economic terms of the financing or to revalue posted collateral in its own discretion and demand additional collateral, then the borrowing should be deemed to have a maturity of 1 day or less for purposes of this question. For amortizing loans, each amortization payment should be treated separately and grouped with other borrowings based on its payment date.)*

*(The total amount of borrowings reported below should equal approximately the total amount of borrowing reported in response to Question 18.)*

	1 day or less	2 days to 7 days	8 days to 30 days	31 days to 397 days	Greater than 397 days
(i) <i>Unsecured borrowing</i>					
(A) <i>U.S. financial institutions</i>					
(B) <i>Non-U.S. financial institutions</i>					
(C) <i>Other U.S. creditors</i>					
(D) <i>Other non-U.S. creditors</i>					

(ii) <i>Secured borrowing</i>					
(A) <i>U.S. financial institutions</i>					
(B) <i>Non-U.S. financial institutions</i>					
(C) <i>Other U.S. creditors</i>					
(D) <i>Other non-U.S. creditors</i>					

58.

(a) Does the *reporting fund* have in place one or more committed liquidity facilities?

Yes                       No

(b) If you responded “yes” to Question 60(a), provide the aggregate dollar amount of commitments under the liquidity facilities.....

**Item D. Investor information**

---

59. Specify the number of outstanding shares or units of the *reporting fund's* stock or similar securities .....

60. Is the *reporting fund* established as a cash management vehicle for other funds or accounts that you or your *affiliates* manage that are not cash management vehicles?

Yes                       No

61. Provide the following information regarding investor concentration.  
*(For purposes of this question, if you know that two or more beneficial owners of the reporting fund are affiliated with each other, you should treat them as a single beneficial owner.)*

- (a) Specify the percentage of the *reporting fund's* equity that is beneficially owned by the beneficial owner having the largest equity interest in the *reporting fund*.....
- (b) For each investor that beneficially owns 5% or more of the *reporting fund's* equity, provide the following information. If you select “other” as an investor category, describe the investor in Question 4.

<b>(i) Investor Category</b>	<b>(ii) Investor’s percent of equity of the reporting fund on the data reporting date</b>
Drop-down menu of investor categories in Question 61]	
Drop-down menu of investor categories in Question 61]	
<i>Et cetera.</i>	

62. Provide a good faith estimate, as of the *data reporting date*, of the percentage of the *reporting fund's* outstanding equity that was purchased using *securities lending collateral*. .....

63. Provide the following information regarding the restrictions on withdrawals and redemptions by investors in the *reporting fund*.

*(For Questions 63 and 64, please note that the standards for imposing suspensions and restrictions on withdrawals/redemptions may vary among funds. Make a good faith determination of the provisions that would likely be triggered during conditions that you view as significant market stress.)*

As of the *data reporting date*, what percentage of the *reporting fund's net asset value*, if any:

- (a) May be subjected to a suspension of investor withdrawals/redemptions by an adviser or fund governing body (*this question relates to an adviser's or governing body's right to suspend and not just whether a suspension is currently effective*).....
- (b) May be subjected to material restrictions on investor withdrawals/redemptions (e.g., “gates”) by an adviser or fund governing body (*this question relates to an adviser's or governing body's right to impose a restriction and not just whether a restriction been imposed*) .....
- (c) Is subject to a suspension of investor withdrawals/redemptions (*this question relates to whether a suspension is currently effective and not just an adviser's or governing body's right to suspend*) .....
- (d) Is subject to a material restriction on investor withdrawals/redemptions (e.g., a “gate”) (*this question relates to whether a restriction has been imposed and not just an adviser's or governing body's right to impose a restriction*) ...


64. Investor liquidity (as a % of *net asset value*):

*(Divide the reporting fund's net asset value among the periods specified below depending on the shortest period within which investors are entitled, under the fund documents, to withdraw invested funds or receive redemption payments, as applicable. Assume that you would impose gates where applicable but that you would not completely suspend withdrawals/redemptions and that there are no redemption fees. Please base on the notice period before the valuation date rather than the date proceeds would be paid to investors.*

*The total should add up to 100%.)*

- 1 day or less .....
- 2 days – 7 days.....
- 8 days – 30 days .....
- 31 days – 90 days .....
- 91 days – 180 days .....
- 181 days – 365 days.....
- Longer than 365 days.....

**% of NAV locked for**


**Item E. Portfolio Information**

---

65. For each security held by the *reporting fund*, provide the following information for each month of the *reporting period*.

- (a) Name of the issuer.....
- (b) Title of the issue (including coupon, if applicable).....
- (c) CUSIP.....
- (d) *LEI*, if available .....
- (e) In addition to CUSIP and *LEI*, provide at least one of the following other identifiers, if available:
  - ISIN.....

- CIK.....
- Other unique identifier (indicate identifier and type of identifier)

(f) The category of investment that most closely identifies the instrument .....

*(Select from among the following categories of investment: U.S. Treasury Debt; U.S. Government Agency Debt; Non-U.S. Sovereign, Sub-Sovereign and Supra-National debt; Certificate of Deposit; Non-Negotiable Time Deposit; Variable Rate Demand Note; Other Municipal Security; Asset Backed Commercial Paper; Other Asset Backed Securities; U.S. Treasury Repurchase Agreement, if collateralized only by U.S. Treasuries (including Strips) and cash; U.S. Government Agency Repurchase Agreement, collateralized only by U.S. Government agency securities, U.S. Treasuries, and cash; Other Repurchase Agreement, if any collateral falls outside Treasury, Government Agency and cash; Insurance Company Funding Agreement; Investment Company; Financial Company Commercial Paper; Non-Financial Company Commercial Paper; or Tender Option Bond. If Other Instrument, include a brief description.)*

(g) For repos, specify whether the repo is “open” (i.e., the repo has no specified end date and, by its terms, will be extended or “rolled” each business day (or at another specified period) unless the investor chooses to terminate it), and provide the following information about the securities subject to the repo (i.e., the collateral):

*(If multiple securities of an issuer are subject to the repo, the securities may be aggregated, in which case provide: (i) the total principal amount and value and (ii) the range of maturity dates and interest rates.)*

(i) Is the repo “open”? .....  Yes  No

(ii) Is the repo centrally cleared?  Yes  No

(iii) If the repo is centrally cleared, identify the CCP.....

(iv) Is the repo settled on a tri-party platform?  Yes  No

(v) Name of the collateral issuer.....

(vi) CUSIP.....

(vii) LEI, if any.....

(viii) Maturity date.....

(ix) Coupon or yield.....

(x) The principal amount, to the nearest cent.....

(xi) Value of the collateral, to the nearest cent.....

(xii) The category of investment that most closely represents the collateral.....

*(Select from among the following categories of investment: Asset-Backed Securities; Agency Collateralized Mortgage Obligations; Agency Debentures and Agency Strips; Agency Mortgage-Backed Securities; Private Label Collateralized Mortgage Obligations; Corporate Debt Securities; Equities; Money Market; U.S. Treasuries (including strips); Other Instrument. If Other Instrument, include a brief description, including, if applicable, whether it is a collateralized debt obligation, municipal debt, whole loan, or international debt).*

(h) If the rating assigned by a credit rating agency played a substantial role in the reporting fund’s (or its adviser’s) evaluation of the quality, maturity, or liquidity of the security, provide the name of each credit rating agency and the rating each assigned to the security.

- (i) The *maturity* date used to calculate *WAM*.....
- (j) The *maturity* date used to calculate *WAL* .....
- (k) The ultimate legal *maturity* date (*i.e.*, the date on which, in accordance with the terms of the security without regard to any interest rate readjustment or *demand feature*, the principal amount must unconditionally be paid) .....
- (l) If the security has a *demand feature* on which the *reporting fund* (or its adviser) is relying when evaluating the quality, *maturity*, or liquidity of the security, provide the following information:  
(If the security does not have such a *demand feature*, enter "NA.")
  - (i) Identity of the *demand feature* issuer(s) .....
  - (ii) If the rating assigned by a *credit rating agency* played a substantial role in the *reporting fund's* (or its adviser's) evaluation of the quality, *maturity* or liquidity of the *demand feature*, its issuer, or the security to which it relates, provide the name of each *credit rating agency* and the rating assigned by each *credit rating agency* .....
  - (iii) The period remaining until the principal amount of the security may be recovered through the *demand feature* .....
  - (iv) The amount (*i.e.*, percentage) of fractional support provided by each *demand feature* issuer.....
  - (v) Whether the *demand feature* is a *conditional demand feature* .....
- (m) If the security has a *guarantee* (other than an unconditional letter of credit reported in response to Question 65(l) above) on which the *reporting fund* (or its adviser) is relying when evaluating the quality, *maturity*, or liquidity of the security, provide the following information:  
(If the security does not have such a *guarantee*, enter "NA.")
  - (i) Identity of the *guarantor(s)* .....
  - (ii) If the rating assigned by a *credit rating agency* played a substantial role in the *reporting fund's* (or its adviser's) evaluation of the quality, *maturity* or liquidity of the *guarantee*, the *guarantor*, or the security to which the *guarantee* relates, provide the name of each *credit rating agency* and the rating assigned by each *credit rating agency*.....
  - (iii) The amount (*i.e.*, percentage) of fractional support provided by each *guarantor*.....
- (n) If the security has any enhancements, other than those identified in response to Questions 65(l) and (m) above, on which the *reporting fund* (or its adviser) is relying when evaluating the quality, *maturity*, or liquidity of the security, provide the following information:  
(If the security does not have such an enhancement, enter "NA.")
  - (i) Identity of the enhancement provider(s) .....
  - (ii) The type of enhancement(s) .....
  - (iii) If the rating assigned by a *credit rating agency* played a substantial role in the *reporting fund's* (or its adviser's) evaluation of the quality, *maturity* or liquidity of the enhancement, its provider, or the security to which it relates, provide the name of each *credit rating agency* used and the rating assigned by the *credit rating agency*.....
  - (iv) The amount (*i.e.*, percentage) of fractional support provided by each enhancement provider .....
- (o) The yield of the security as of the reporting date:.....
- (p) The total *value* of the *reporting fund's* position in the security, and separately, if the *reporting fund* uses the amortized cost method of valuation, the amortized cost value, in both cases to the nearest cent:

- (i) Including the value of any sponsor support.....
- (ii) Excluding the value of any sponsor support.....
- (q) The percentage of the *reporting fund's* net assets invested in the security, to the nearest hundredth of a percent.....
- (r) Is the security categorized as a level 3 asset or liability in Question 20?
- (s) Is the security a *daily liquid asset*?
- (t) Is the security a *weekly liquid asset*?
- (u) Is the security an *illiquid security*?
- (v) Explanatory notes. Disclose any other information that may be material to other disclosures related to the portfolio security.  
(If none, leave blank.)

**Item F. Disposition of Portfolio Securities**

---

66. Disclose the gross market value (to the nearest cent) of portfolio securities the *reporting fund* sold or disposed of during each month of the *reporting period* by category of investment. Do not include portfolio securities that the fund held until *maturity*.

<u>Category of Investment</u>	<u>First Month</u>	<u>Second Month</u>	<u>Third Month</u>
[Drop down menu of the category of investment]			
[Drop down menu of the category of investment]			
[Drop down menu of the category of investment]			

Category of Investment: *U.S. Treasury Debt; U.S. Government Agency Debt (if categorized as coupon-paying notes); U.S. Government Agency Debt (if categorized as no-coupon-discount notes); Non-U.S. Sovereign, Sub-Sovereign and Supra-National debt; Certificate of Deposit; Non-Negotiable Time Deposit; Variable Rate Demand Note; Other Municipal Security; Asset Backed Commercial Paper; Other Asset Backed Securities; U.S. Treasury Repo, if collateralized only by U.S. Treasuries (including Strips) and cash; U.S. Government Agency Repo, collateralized only by U.S. Government Agency securities, U.S. Treasuries, and cash; Other Repo, if any collateral falls outside Treasury, Government Agency and cash; Insurance Company Funding Agreement; Investment Company; Financial Company Commercial Paper; Non-Financial Company Commercial Paper; Tender Option Bond; or Other Instrument. If Other Instrument, include a brief description.*

**Item G. Parallel Money Market Funds**

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67. If the *reporting fund* pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as a *money market fund* advised by you or any of your *related persons*, provide the *money market fund's* EDGAR series identifier .....

(If neither you nor any of your related persons advise such a money market fund, enter "NA.")

**Section 4: – Information about *private equity funds* that you advise.**

You must complete a separate Section 4 for each *private equity fund* that you advise. However, with respect to *master-feeder arrangements* and *parallel fund structures*, you may report collectively or separately about the component funds as provided in the General Instructions.

**Item A. Reporting fund identifying information**

68. (a) Name of the *reporting fund* ..... 

--

  
 (b) *Private fund* identification number of the *reporting fund* ..... 

--

**Item B. Certain information regarding the *reporting fund***

69. Indicate the investment strategy in the drop-down menu that best describe the *reporting fund's* investment strategy by percent of deployed capital, during the *reporting period*. If the *reporting fund* engages in more than one strategy, provide a good faith estimate of the percentage of the *reporting fund's* deployed capital represented by each strategy.

*(Select the investment strategy or strategies that best describe the reporting fund's strategies, even if the categories below do not precisely match your characterization of the reporting fund's strategy. If you report all or part of the reporting fund's strategy as "Other", explain in Question 4. The strategies listed are mutually exclusive (i.e., do not report the same portion of deployed capital in multiple strategies). The total should add to 100%.)*

Strategy	% of capital
[drop-down menu]	

70. Identify, by ISO country code, each country to which the *reporting fund's* investments in portfolio companies represent exposure of 10% or more of the *reporting fund's net asset value*.

*(See Instruction 15 for information on calculating the numerator for purposes of this question. You should categorize investments based on concentrations of risk and economic exposures.)*

Country	ISO code	% of NAV

**Item C. Reporting fund and portfolio company financing;**

71. Provide the following information regarding the *value* of the *reporting fund's borrowings* and the types of creditors.

*(Do not net out amounts that the reporting fund loans to creditors or the value of collateral pledged to creditors. The percentages borrowed from the specified types of creditors should add up to approximately 100%.)*

- (a) Dollar amount of total *borrowings*.....
- (b) Percentage borrowed from *U.S. financial institutions* .....
- (c) Percentage borrowed from *non-U.S. financial institutions* .....
- (d) Percentage borrowed from U.S. creditors that are not financial institutions .....
- (e) Percentage borrowed from non-U.S. creditors that are not financial institutions .....


(f) Does the *reporting fund* borrow or have the ability to borrow at the fund-level as an alternative or complement to financing of portfolio companies? If so, check “yes” and complete subsection (g) of this question. Otherwise, check “no”

Yes  No

(g) For each type of *borrowing* or other cash financing available to the *reporting fund*, provide the total dollar amount available and the average amount borrowed over the reporting period.

Type of Financing	Total amount available (in dollars)	Average borrowed over the reporting period (in dollars)
<input type="checkbox"/> Credit secured by the investments of the <i>reporting fund</i>		
<input type="checkbox"/> Credit secured by <i>unfunded commitments</i>		
<input type="checkbox"/> Credit secured by a combination of <i>unfunded commitments</i> and investments of the <i>reporting fund</i> .		
<input type="checkbox"/> Other (explain in Question 4)		

72. (a) Do you or any of your *related persons* guarantee, or are you or any of your *related persons* otherwise obligated to satisfy, the obligations of any portfolio company in which the *reporting fund* invests?

*(You are not required to respond “yes” simply because a portfolio company is a primary obligor and is also your related person.)*

Yes  No

(b) If you responded “yes” to Question 72(a) above, report the total dollar *value* of all such *guarantees* and other obligations.....

73. What is the weighted average debt-to-equity ratio of the *controlled portfolio companies* in which the *reporting fund* invests (*expressed as a decimal to the tenths place*)?

*(Weighting should be based on gross assets of each controlled portfolio company as a percentage of the aggregate gross assets of the reporting fund’s controlled portfolio companies.)*


73. What is the highest debt-to-equity ratio of any *controlled portfolio company* in which the *reporting fund* invests (*expressed as a decimal to the tenths place*)?


74. What is the lowest debt-to-equity ratio of any *controlled portfolio company* in which the *reporting fund* invests (expressed as a decimal to the tenths place)?
75. What is the aggregate *gross asset value* of the *reporting fund's controlled portfolio companies*?
76. What is the aggregate principal amount of *borrowings* categorized as current liabilities on the most recent balance sheets of the *reporting fund's controlled portfolio companies*?
77. What is the aggregate principal amount of *borrowings* categorized as long-term liabilities on the most recent balance sheets of the *reporting fund's controlled portfolio companies*?
78. What percentage of the aggregate *borrowings* of the *reporting fund's controlled portfolio companies* is payment-in-kind (PIK) or zero-coupon debt?

79. During the *reporting period*, did the *reporting fund* or any of its *controlled portfolio companies* experience an event of default under any of its indentures, loan agreements or other instruments evidencing obligations for borrowed money? If so, check “yes” and complete subsections (a) of this question. Otherwise, check “no”.

(Do not include a potential event of default (i.e., an event that would constitute an event of default with the giving of notice, the passage of time or otherwise) unless it has become an event of default.)

Yes  No

- (a) Identify the nature of the default event (check all that apply):

- Payment default of the *reporting fund*
- Payment default of a *controlled portfolio company*
- A default relating to a failure to uphold terms under the applicable borrowing agreement, other than a failure to make regularly scheduled payments.

80. (a) Does any *controlled portfolio company* of the *reporting fund* have in place one or more bridge loans or commitments (subject to customary conditions) for a bridge loan?

Yes  No

(b) If you responded “yes” to Question 80(a), identify each *person* that has provided all or part of any bridge loan or commitment to the relevant *controlled portfolio company*. For each such *person*, provide the applicable outstanding amount or commitment amount.

Legal Name of Counterparty	LEI, if any	Indicate below if the counterparty is affiliated with a major financial institution	Outstanding amount of financing, if drawn	Amount of commitment, if undrawn
[repeat drop-down list of creditor/counterparty names] Other:				
[repeat drop-down list of creditor/counterparty names] Other:				
[repeat drop-down list of creditor/counterparty names] Other:				

**Item D. Portfolio company investment exposures**

81. (a) Is any of the *reporting fund's controlled portfolio companies a financial industry portfolio company*?

Yes  No

(b) If you responded “yes” to Question 81(a), then for each of the *reporting fund's controlled portfolio companies* that constitutes a *financial industry portfolio company*, provide the following information.

Legal Name	Address of principal office (include city, state and country)	NAICS code	LEI, if any	Debt-to-equity ratio of portfolio company	Gross asset value of portfolio company	% of reporting fund's gross assets invested in this portfolio company	% of portfolio company beneficially owned by the reporting fund

82. Provide a breakdown of the *reporting fund's* investments in portfolio companies by industry, based on the *NAICS codes* of the companies.  
(The total should add up to 100%.)

NAICS code	% of reporting fund's total portfolio company investment

83. If you or any of your *related persons* (other than the *reporting fund*) invest in any companies that are portfolio companies of the *reporting fund*, provide the aggregate dollar amount of these investments.


84. If the *reporting fund* effectuates (i) any *general partner clawback* or (ii) a *limited partner clawback or clawbacks* in excess of an aggregate amount equal to 10 percent of a fund's aggregate capital commitments, provide the following:

(a) Effective date:

(b) Type of clawback (General Partner/Limited Partner):

(c) Reason for clawback:


85. You may provide any information you believe would be helpful in understanding the information reported in response to any question in this Section 4 of this form. Identify the related question for each comment (use a drop-down menu so that notes are received in a structured format).

**Section 5: Current report for large hedge fund advisers to qualifying hedge funds.**

Upon the occurrence of any one or more of the events specified in Items B to I of this Section 5, you must file a current report responding to questions required by the applicable Item(s) (a “*current report*”) as soon as practicable, but no later than 72 hours. The 72 hour period begins upon the occurrence of the event or when you reasonably believe the event occurred and you must respond to the best of your knowledge on the date of your *current report*. You may provide an additional explanation of the facts and circumstances relating to the event, including the causes and or proposed resolution in explanatory notes under Item J of this section 5.

In this Section 5, references to *most recent net asset value* mean the *net asset value* reported as of the *data reporting date*.

Check here if you are filing an amendment to a previously filed *current report*. Provide the filing date of the *current report* you are amending [Drop-down list of Month, Day, Year, Time].

**Item A: Information about you and the reporting fund**

5-1 Provide your name and the other identifying information requested below.

(This should be your full legal name.)

Legal name	CRD Number	SEC 801-Number	NFA ID Number, if any	Large trader ID, if any	Large trader ID suffix, if any

5-2(a) Name of the *reporting fund*

5-2(b) Private fund identification number of the *reporting fund*

5-2(c) *NFA* identification number of the *reporting fund*, if applicable

5-2(d) *LEI* of the *reporting fund*, if any


5-3 Signatures of authorized representative (*see Instruction 11 to Form PF*)

I, the undersigned, sign this Section 5 on behalf of, and with the authority of, the *firm*. In addition, I sign this Section 5 on behalf of, and with the authority of, each of the *related persons* identified in Question 1(b) (other than any *related person* for which another individual has signed this Section 5 below).

Name of individual:

Signature:

Title

Email address

Telephone contact number (include area code and, if outside the United States, country code):

Date


Signature on behalf of *related persons*:

I, the undersigned, sign this Section 5 on behalf of, and with the authority of, the *related person(s)* identified below.

Name of each *related person* on behalf of which this individual is signing:

Name of individual:  
 Signature:  
 Title  
 Email address  
 Telephone contact number (include area code and, if outside the United States, country code):  
 Date


**Item B. Extraordinary Investment Losses**

If on any business day the 10-business-day *holding period return* of the *reporting fund* is less than or equal to -20%, provide the information required by Questions 5-4 to 5-7, below. (*Current reports should not be filed for overlapping 10-business-day periods.*)

5-4 Beginning date of the 10-business-day loss period:  
 5-5 End date of the 10-business-day loss period:  
 5-6 *Holding period return*:  
 5-7 *Dollar amount of loss over the 10-business-day loss period*:


**Item C. Margin, Collateral or Equivalent Increase**

If the total dollar value of margin, collateral, or an equivalent posted by the *reporting fund* at the end of a rolling 10-business-day period less the total dollar value of margin, collateral, or an equivalent posted by the *reporting fund* at the beginning of the rolling 10-business-day period is greater than or equal to 20% of the *average daily reporting fund aggregate calculated value* during the period, provide the following information (if the total value of margin, collateral or an equivalent posted by the *reporting fund* continues to increase, do not file another *current report* until on or after the next 10-business-day period beginning after the end date stated at 5-9 below.):

5-8 Beginning date of the 10-business-day period during which the increase was measured:  
 5-9 End date of the 10-business-day period during which the increase was measured:  
 5-10 Provide the total dollar value amount of margin, collateral or an equivalent posted by the *reporting fund* at the beginning of the 10-business-day period during which the increase was measured:  
 5-11 Provide the total dollar value amount of margin, collateral or an equivalent posted by the *reporting fund* at the end of the 10-business-day period during which the increase was measured:  
 5-12 Provide the *average daily reporting fund aggregate calculated value* of the *reporting fund* during the 10-business-day period during which the increase was measured:


5-13 Counterparty or counterparties requiring increased margin, collateral or equivalent. (*If multiple counterparties are involved list them in order of the dollar amount of cumulative increase required by each counterparty.*)

Legal name of the counterparty	Counterparty LEI, if any
(a)	
(b)	

(c)	
-----	--

5-14 Check one or more of the following to describe your current understanding of circumstances relating to the margin increase(s) (check all that apply):

- The increase is a result of exchange or *CCP* requirements or known regulatory action affecting the counterparty.
- A counterparty or counterparties independently increased the *reporting fund's* margin, collateral or equivalent requirements.
- The *reporting fund* established a new relationship or new business with one or more counterparties.
- The increase is attributable to new investment positions, investment approach or strategy and/or portfolio turnover of the *reporting fund*.
- The increase is related to a deteriorating position or positions in the *reporting fund's* portfolio or other credit trigger under applicable counterparty agreements.
- Other (provide explanation in Item J).

***Item D. Notice of Margin Default or Determination of Inability to Meet a Call for Margin, Collateral or Equivalents***

Provide the following information if you either (1) receive notification that the *reporting fund* is in default on a call for margin, collateral or an equivalent, resulting in a deficit that the *reporting fund* will not be able to cover or address by adding additional funds (in situations where there is a contractually agreed upon cure period an adviser would not be required to file an Item D *current report* until the expiration of the cure period unless the fund would not expect to be able to meet call during such cure period), provide the following information; or (2) if you determine that the *reporting fund* is unable to meet a call for increased margin, collateral or an equivalent, including in situations where there is a dispute regarding the amount or appropriateness of the margin call.

*(You are not required to file a current report in situations where you dispute the amount and appropriateness of a call for increased margin, collateral or an equivalent, provided the reporting fund has sufficient assets to meet the greatest of the disputed amounts.)*

(If you make this determination for more than one counterparty on the same day, provide the information required by 5-15 to 5-18 for each counterparty affected.)

5-15 Date of the notification or determination:

--

5-16 Dollar amount of the call for margin, collateral or equivalent:

--

5-17 Counterparty:

Legal name of the counterparty

Counterparty LEI, if any

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5-18 Check one or more of the following to describe your current understanding of the circumstances relating to the default or your determination that the *reporting fund* is unable to meet a call for increased margin, collateral or an equivalent:

- A counterparty increased margin, collateral or equivalent requirements for the *reporting fund* contributed to the default or inability to meet a call for increased margin, collateral or an equivalent.
- Losses in the value of the *reporting fund's* portfolio or other credit trigger under applicable counterparty agreements contributed to the default or inability to meet a call for increased margin, collateral or an equivalent.
- A default or settlement failure of a counterparty contributed to the default or inability to meet a

- call for increased margin, collateral or an equivalent.  
 Other (provide explanation in Item J).

**Item E. Counterparty Default**

If a counterparty to the *reporting fund* (1) does not meet a call for margin, collateral or equivalent or fails to make any other payment, in the time and form contractually required (taking into account any contractually agreed cure period), and (2) the amount involved is greater than 5% of the *reporting fund aggregate calculated value*, provide the following information.

(If you make this determination for more than one counterparty on the same day, provide the information required by 5-19 to 5-21 for each counterparty affected.)

5-19 Date of default:

5-20 Dollar amount of default:

5-21 Counterparty:

Legal name of the counterparty	Counterparty LEI, if any
<input type="text"/>	<input type="text"/>

**Item F. Prime Broker Relationship Terminated or Materially Restricted**

If (1) a prime broker terminates or materially restricts its relationship with the *reporting fund*, in whole or in part, in markets where that prime broker continues to be active; or (2) the relationship between the prime broker and the *reporting fund* was terminated by either the *reporting fund* or the prime broker in the last 72 hours or less in accordance with the section 5 current reporting period, and a termination event was activated in the prime brokerage agreement or related agreements, within the last 12 months provide the following information below. (Termination events, as specified in the prime broker agreement or related agreements, that are isolated to the financial state, activities or other *conditions* solely of the prime broker should not be considered for the purposes of this question.)

5-22 Date of the termination or material restriction:

5-23 Date of the termination event(s) if different from date in 5-22:

5-24 Prime Broker:

Legal name of the prime broker	Prime broker LEI, if any
<input type="text"/>	<input type="text"/>

Note: If a prime broker changes the terms of its relationship with the *reporting fund* in a way that significantly limits the fund’s ability to operate under the terms of the original agreement, or significantly impairs the fund’s ability to trade, the adviser should consider it a “material restriction” that would require filing of this Item F.

**Item G. Operations Event**

In this Item G, an “*operations event*” means that the *reporting fund* or *private fund adviser* experiences a significant disruption or degradation of the *reporting fund’s critical operations*, whether as a result of an event at a service provider to the *reporting fund*, the *reporting fund*, or the adviser. For this purpose, “*critical operations*” means operations necessary for (i) the investment, trading, valuation, reporting, and risk management of the *reporting fund*; or (ii) the operation of the *reporting fund* in accordance with the Federal securities laws and regulations.

If there is an *operations event*, provide the following:

5-25 Date of the *operations event*, or date on which you estimate the event first occurred:

--

5-26 Date *operations event* was discovered (discovery date may be same or different than the date of the event reported in 5-25):

--

5-27 Check one or more of the following to describe your current understanding of circumstances relating to the *operations event* (check all that apply and provide supplementary information in Item J if desired):

- An *operations event* at a service provider to the *reporting fund* or the *private fund adviser* caused the *operations event* (in whole or in part) (if applicable, provide the following information).

(a) Legal Name of Service Provider:

(b) LEI, if any:

(c) Identify services provided by the third party (e.g., fund accounting, administration, subadviser, accounting, custodial, other):

[drop-down menu]

- An *operations event* that occurred internally at the *reporting fund* or *reporting fund adviser* or a *related person*.
- An *operations event* that occurred related to a natural disaster or other *force majeure* event not within the control of the *private fund adviser*.
- Other (provide explanation in Item J).

5-28 Has the adviser initiated a disaster recovery or business continuity plan relating to the *operations event* and the continued operation of the adviser or the *reporting fund*?

Yes

No

5-29 Check one or more of the following to describe your current understanding of the impact of the *operations event* on the normal operations of *reporting fund* (check all that apply):

- Disruption or degradation of trading of the *reporting fund's* portfolio assets
- Disruption or degradation of the valuation of the *reporting fund's* portfolio assets
- Disruption or degradation of your management of the *reporting fund's* investment risk
- Disruption or degradation of your ability to comply with applicable laws, rules, and regulations
- Other (provide explanation in Item J).

If technical or other difficulties resulting from the *operations event* prevent you from timely filing a *current report*, you may file as soon as practicable provided that you explain the technical or other difficulty that prevented timely filing in Item J of the *current report*.

### ***Item H. Withdrawals and Redemptions***

If the *reporting fund* receives cumulative requests for withdrawals or redemptions from the *reporting fund* equal to or more than 50% of the *most recent net asset value* (after netting against subscriptions and other contributions from investors received and contractually committed), provide the following information:

5-30 Date on which the net withdrawals or redemption requests exceeded 50% of the *most recent net asset value*:

--

5-31 Net value of withdrawals or redemptions paid from the *reporting fund* between the last *data reporting date* and the date of this *current report*:

--

5-32 Percentage of fund's *most recent net asset value* for which withdrawals or redemptions have been requested:

--

5-33 Have you notified investors that the *reporting fund* will liquidate?

Yes

No

***Item I. Unable to Satisfy Redemptions or Suspension of Redemptions***

If the *reporting fund* (1) is unable to pay redemption requests, or (2) has suspended redemptions and the suspension lasts for more than 5 consecutive business days; provide the following information:

5-34 Date on which the *reporting fund* was unable to pay or suspended redemptions:

5-35 Percentage of fund's *most recent net asset value* for which redemptions have been requested and not yet paid on the date of this *current report*:


5-36 Have you notified investors that the *reporting fund* will liquidate?

Yes

No

***Item J. Explanatory Notes***

You may provide any information you believe would be helpful in understanding the information reported in response to any Item in this Section 5 of this form. Identify the related question for each comment (*use a drop-down menu so that notes are received in a structured format*).

**Section 6: Quarterly report for advisers to *private equity funds*.**

Upon the occurrence of any one or more of the events specified in Items B or C of this section 6, you must file a quarterly report responding to questions required by the applicable Item(s) (a “*private equity event report*”). If any of the below items occur within a particular fiscal quarter for the private equity funds you advise you will file a section 6 quarterly report within 60 calendar days after the end of each calendar quarter. Do not file a section 6 quarterly report if a *private equity reporting event* did not occur during that calendar quarter. It is not necessary to report the same instance of a reporting event again on future section 6 filings. You may provide an additional explanation of the facts and circumstances relating to the event, including the causes and/or proposed resolution in explanatory notes under Item D of this section 6.

Check here if you are filing an amendment to a previously filed *current report*. Provide the filing date of the *current report* you are amending [Drop-down list of Month, Day, Year, Time].

***Item A: Information about you and the reporting fund***

6-1 Provide the identifying information requested below.

Full legal name	CRD Number	SEC 801- Number	NFA ID Number, if any	Large trader ID, if any	Large trader ID suffix, if any

6-2(a) Name of the *reporting fund*

6-2(b) Private fund identification number of the *reporting fund*

6-2(c) NFA identification number of the *reporting fund*, if any

6-2(d) LEI of the *reporting fund*, if any


6-3 Signatures of authorized representative (*see Instruction 11 to Form PF*)

I, the undersigned, sign this Section 6 on behalf of, and with the authority of, the *firm*. In addition, I sign this Section 6 on behalf of, and with the authority of, each of the *related persons* identified in Question 1(b) (other than any *related person* for which another individual has signed this Section 6 below).

Name of individual:

Signature:

Title:

Email address:

Telephone contact number (include area code and, if outside the United States, country code):

Date:


Signature on behalf of *related persons*:

I, the undersigned, sign this Section 6 on behalf of, and with the authority of, the *related person(s)* identified below.

Name of individual:

Signature:

Title:

Email address:

Telephone contact number (include area code and, if outside the United States, country code):


Date:

--

***Item B. Adviser-Led Secondary Transactions.***

If the *reporting fund* closed an *adviser-led secondary transaction*, provide the following:

6-4 Closing date of transaction:

--

6-5 Description of transaction:

--

***Item C. General Partner Removal, Termination of the Investment Period or Termination of Fund.***

Upon receipt by the *reporting fund* or its adviser or *affiliate* of notification that fund investors have removed the adviser or its *affiliate* as the general partner or similar control person of the *reporting fund*, elected to terminate the *reporting fund's* investment period, or elected to terminate the *reporting fund*, in each case, as contemplated by the *reporting fund's* governing documents (each, a "*removal event*") provide the following:

6-6 Effective date of *removal event*:

--

6-7 Description of *removal event*:

--

***Item D. Explanatory Notes***

You may provide any information you believe would be helpful in understanding the information reported in response to any Item in this Section 6 of this form. Identify the related question for each comment (*use a drop-down menu so that notes are received in a structured format*).

**Section 7: Request for temporary hardship exemption**

You must complete Section 7 if you are requesting a temporary hardship exemption pursuant to *SEC* rule 204(b)-1(f).

- A. For which type of Form PF filing are you requesting a temporary hardship exemption?
1. If you are not a *large hedge fund adviser* or *large liquidity fund adviser*:
    - Initial filing
    - Annual update*
    - Final filing
  2. If you are a *large hedge fund adviser* or *large liquidity fund adviser*:
    - Initial filing
    - Quarterly update*
    - Filing to transition to annual reporting
    - Final filing
- B. Provide the following information regarding your request for a temporary hardship exemption (attach a separate page if additional space is needed).
1. Describe the nature and extent of the temporary technical difficulties when you attempt to submit the filing to the Form PF filing system on the IARD:
  2. Describe the extent to which you previously have submitted documents in electronic format with the same hardware and software that you are unable to use to submit this filing:
  3. Describe the burden and expense of employing alternative means (e.g., a service provider) to submit the filing in electronic format in a timely manner:
  4. Provide any other reasons that a temporary hardship exemption is warranted:

## GLOSSARY OF TERMS

<i>7-day gross yield</i>	Based on the 7 days ended on the <i>data reporting date</i> , calculate the <i>liquidity fund's</i> yield by determining the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical pre-existing account having a balance of one share at the beginning of the period and dividing the difference by the value of the account at the beginning of the base period to obtain the base period return, and then multiplying the base period return by (365/7) with the resulting yield figure carried to the nearest hundredth of one percent. The <i>7-day gross yield</i> should not reflect a deduction of shareholders fees and fund operating expenses.
<i>10-year bond equivalent</i>	For interest rate sensitive positions, the equivalent position in a 10-year zero coupon bond, expressed in U.S. dollars.
<i>ABCP</i>	Asset backed commercial paper, including (but not limited to) structured investment vehicles, single-seller conduits and multi-seller conduit programs. <u>Do not include any positions held via CDS (these should be recorded in the CDS category).</u>
<i>ABS</i>	Securities derived from the pooling and repackaging of cash flow producing financial assets.
<i>Adjusted exposure</i>	The <i>value</i> of positions after netting as specified by instructions to Question 32.
<i>Adviser-led secondary transaction</i>	Any transaction initiated by the adviser or any of its related persons that offers private fund investors the choice to: (i) sell all or a portion of their interests in the private fund; or (ii) convert or exchange all or a portion of their interests in the private fund for interests in another vehicle advised by the adviser or any of its related persons.
<i>Advisers Act</i>	U.S. Investment Advisers Act of 1940, as amended.
<i>Affiliate</i>	With respect to any <i>person</i> , any other <i>person</i> that directly or indirectly <i>controls</i> , is <i>controlled</i> by or is under common <i>control</i> with such person. The term <i>affiliated</i> means that two or more <i>persons</i> are <i>affiliates</i> .
<i>Agency securities</i>	Any security issued by a <i>person</i> controlled or supervised by and acting as an instrumentality of

the government of the United States pursuant to authority granted by the Congress of the United States and guaranteed as to principal or interest by the United States.

Include bond derivatives and positions held indirectly through another entity (e.g., through an *ETF*, *exchange traded product*, U.S. registered investment companies, *non-U.S. registered investment companies*, *internal private fund* or *external private fund*, *commodity pool*, or other company, fund or entity).

*AIF*

An alternative investment fund that is not regulated under the UCITS Directive, as defined in the Directive of the European Parliament and of the Council on alternative investment fund managers (No. 2011/61/EU), as amended, or an alternative investment fund that is captured by the Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019, as amended.

*Annual update*

An update of this Form PF with respect to any fiscal year.

*Average daily reporting fund aggregate calculated value*

The average of the *daily reporting fund aggregate calculated value* for the end of the business day on business days one through ten of the reporting period.

*Borrowing and collateral received ("B/CR")*

The mark-to-market value, as of the *data reporting date*, of the following: (i) *cash and cash equivalents* received as *borrowing*, (ii) securities *borrowed* or received by the *reporting fund* (include securities borrowed in connection with short sales, securities lending and *repo*), (iii) collateral posted by a counterparty to the *reporting fund's* account, (iv) negative market-to-market value of derivatives (from the *reporting fund's* point of view), and (v) the *gross notional value* of *synthetic long positions*.

*Borrowings*

*Secured borrowings* and *unsecured borrowings*, collectively. *Borrowings* by a *reporting fund* include, but are not limited to (i) *cash and cash equivalents* received with an obligation to repay; (ii) securities lending transactions (count *cash and cash equivalents* and securities received by the *reporting fund* in the transaction, including securities borrowed by the *reporting fund* for short sales); (iii) *repo* or *reverse repo* (count *cash and cash equivalents* and securities received by the *reporting fund*); (iv) negative mark-to-market of derivative transactions from the *reporting fund's* point of view; and (v) the *gross notional value* of

*synthetic long positions.*

*bp*

Basis points.

*Cash and cash equivalents*

Cash (including U.S. and non-U.S. currencies) and cash equivalents. For purposes of this definition, cash equivalents are:

- (i) bank deposits, certificates of deposit, bankers acceptances and similar bank instruments held for investment purposes;
- (ii) the net cash surrender value of an insurance policy; or
- (iii) investments in *money market funds*.

Do not include any digital asset in *cash and cash equivalents*.

*Cash borrowing entries*

For Questions 26 and 41, the sum of amounts attributable to an individual counterparty included the entries on the following lines of the *reporting fund's consolidated counterparty exposure table*:

- (a) *unsecured borrowing – cash and cash equivalents*,
- (b)(i) *cash and cash equivalents* received by the *reporting fund* in margin loans and securities lending transactions,
- (c)(i) *cash and cash equivalents* received by the *reporting fund* related to *repo* and *reverse repo* (include tri-party repo),
- (d)(i) *cash and cash equivalents* received by the *reporting fund* related to other *secured borrowing*,
- (e)(i) — negative mark to market exposure of derivative positions cleared by a *CCP* and
- (f)(i) and (ii) *gross notional value* of *synthetic long positions* and negative mark to market exposure of uncleared derivative positions (not cleared by a *CCP*).

*Cash lending entries*

For Questions 26 and 41, the sum of amounts attributable to an individual counterparty included the entries on the following lines of the *reporting fund's consolidated counterparty exposure table*:

- (b)(i) – *cash and cash equivalents* posted by *reporting fund* to the counterparty in margin borrowing and securities lending transactions,
- (c)(i) – *cash and cash equivalents* posted by the *reporting fund* relating to *repo* and *reverse repo* (include tri-party repo),
- (d)(i) – *cash and cash equivalents* posted by the *reporting fund* relating to other *secured borrowing*,
- (e)(i) – positive mark to market exposure in derivative positions cleared by a *CCP*, and
- (f)(i) and (ii) – *gross notional value* of *synthetic short positions* and positive mark to market

	exposure in uncleared derivative positions (not cleared by a <i>CCP</i> ).
<i>CCP</i>	Central clearing counterparties (or central clearing houses) (for example, CME Clearing, The Depository Trust & Clearing Corporation, Fedwire and LCH Clearnet Limited).
<i>CDO</i>	Collateralized debt obligations (including cash flow and synthetic).  <u>Do not include</u> any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category).
<i>CDS</i>	Credit default swaps, including any <i>LCDS</i> .
<i>CEA</i>	U.S. Commodity Exchange Act, as amended.
<i>CFTC</i>	U.S. Commodity Futures Trading Commission.
<i>CLO</i>	Collateralized loan obligations (including cash flow and synthetic) other than <i>MBS</i> . <u>Do not include</u> any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category).
<i>Closed-end private fund</i>	Any <i>private fund</i> that only issues securities, the terms of which do not provide a holder with any right, except in extraordinary circumstances, to withdraw, redeem, or require the repurchase of such securities, but which may entitle holders to receive distributions made to all holders <i>pro rata</i> .
<i>Collateral posted entries</i>	For Question 26, the sum of amounts attributable to an individual counterparty included the entries on the following lines of the <i>reporting fund's consolidated counterparty exposure table</i> : (b)(ii) - <i>cash and cash equivalents</i> posted by the <i>reporting fund</i> as collateral for derivatives under a cross-margining agreement; (b)(iii) - <i>government securities</i> and other securities posted by the <i>reporting fund</i> to the counterparty in margin borrowing, securities lending transactions, and as margin for derivatives under any cross-margining agreement; (c)(ii) - <i>government securities</i> and other securities posted by the <i>reporting fund</i> relating to <i>repo</i> and <i>reverse repo</i> (include tri-party repo), (d)(ii) - <i>government securities</i> and other securities posted by the <i>reporting fund</i> relating to other <i>secured borrowing</i> , (e)(ii) and (iii) - <i>cash and cash equivalents</i> , <i>government securities</i> and other securities posted by the <i>reporting fund</i> as collateral relating to derivative positions cleared by a <i>CCP</i> and

(f)(iii) and (iv) - *cash and cash equivalents*, *government securities* and other securities posted by the *reporting fund* as collateral relating to uncleared derivative positions (not cleared by a *CCP*).

For Question 41, entries on the following lines of the *reporting fund's counterparty credit exposure and collateral table*:

(b)(ii) — *cash and cash equivalents* posted by the *reporting fund* as collateral for derivatives under a cross-margining agreement,

(b)(iii), and (iv) *government securities* and other securities posted by the *reporting fund* to the counterparty in margin borrowing, securities lending transactions, and as margin for derivatives under any cross-margining agreement,

(c)(ii)— *government securities* and other securities posted by the *reporting fund* relating to *repo* and *reverse repo* (include tri-party repo),

(d)(ii) — *government securities* and other securities posted by the *reporting fund* relating to other *secured borrowing*,

(e)(ii), (iii), and (iv) – *cash and cash equivalents*, *government securities* and other securities posted by the *reporting fund* as collateral relating to derivative positions cleared by a *CCP*, and

(f)(iii), (iv), and (v) — *cash and cash equivalents*, *government securities* and other securities posted by the *reporting fund* as collateral relating to uncleared derivative positions (not cleared by a *CCP*).

#### *Collateral received entries*

For Question 26, the sum of amounts attributable to an individual counterparty included the entries on the following lines of the *reporting fund's consolidated counterparty exposure table*:

(b)(ii) — *cash and cash equivalents* received by the *reporting fund* as collateral for derivatives under any cross-margining agreement,

(b)(iii) — *government securities* and other securities received by the *reporting fund* in cash margin borrowing and securities lending transactions,

(c)(ii) — *government securities* and other securities received by the *reporting fund* related to *repo* and *reverse repo* (include tri-party repo),

(d)(ii) — *government securities* and other securities received related to other *secured borrowing*,

(e)(ii) and (iii) – *cash and cash equivalents*, *government securities* and other securities received as collateral in derivative positions cleared by a *CCP* and

(f)(iii) and (iv) — *cash and cash equivalents*, *government securities* and other securities received

as collateral in uncleared derivative positions (not cleared by a *CCP*).

For Question 41, entries on the following lines of the *reporting fund's counterparty credit exposure and collateral table*:

(b)(ii) — *cash and cash equivalents* received by the *reporting fund* as collateral for derivatives under any cross-margining agreement,

(b)(iii) and (iv) — *government securities* and other securities received by the *reporting fund* in cash margin borrowing and securities lending transactions,

(c)(ii) and (iii) — *government securities* and other securities received by the *reporting fund* related to *repo* and *reverse repo* (include tri-party *repo*),

(d)(ii) and (iii) — *government securities* and other securities received related to other *secured borrowing*,

(e)(ii), (iii), and (iv) — *cash and cash equivalents*, *government securities* and other securities received as collateral in derivative positions cleared by a *CCP* and

(f)(iii), (iv) and (v) — *cash and cash equivalents*, *government securities* and other securities received as collateral in uncleared derivative positions (not cleared by a *CCP*).

*Combined money market and liquidity fund assets under management*

With respect to any adviser, the sum of: (i) such adviser's *liquidity fund assets under management*; and (ii) such adviser's *regulatory assets under management* that are attributable to *money market funds* that it advises.

*Committed capital*

Any commitment pursuant to which a *person* is obligated to acquire an interest in, or make capital contributions to, the *private fund*.

*Commodities*

Has the meaning provided in the *CEA*.

For questions regarding *commodities*, provide the *value* of all exposure to *commodities* that you hold physically, synthetically or through derivatives (whether cash or physically settled), or indirectly through another entity (e.g., through an *ETF*, *exchange traded product*, U.S. registered investment companies, *non-U.S. registered investment companies*, *internal private fund* or *external private fund*, *commodity pool*, or other company, fund or entity).

*Commodity pool*

A "commodity pool," as defined in section 1a(10) of the *CEA*.

<i>Conditional demand feature</i>	Has the meaning provided in <i>rule 2a-7</i> .
<i>Consolidated counterparty exposure table</i>	<p>For hedge funds, other than <i>qualifying hedge funds</i>, the Section 1c table (at Question 26) that collects the <i>reporting fund's borrowing and collateral received</i> and <i>lending and posted collateral</i> aggregated across all creditors and counterparties as of the end of the <i>reporting period</i>.</p> <p>For <i>qualifying hedge funds</i>, the Section 2 table (at Question 41) that collects the <i>reporting fund's borrowing and collateral received</i> and <i>lending and posted collateral</i> aggregated across all creditors and counterparties as of the end of the <i>reporting period</i>.</p>
<i>Control</i>	Has the meaning provided in <i>Form ADV</i> . The term <i>controlled</i> has a corresponding meaning.
<i>Controlled portfolio company</i>	With respect to any <i>private equity fund</i> , a portfolio company that is <i>controlled</i> by the <i>private equity fund</i> , either alone or together with the <i>private equity fund's affiliates</i> or other <i>persons</i> that are, as of the <i>data reporting date</i> , part of a club or consortium including the <i>private equity fund</i> .
<i>Convertible bonds</i>	<p>Convertible <i>corporate bonds</i> (not yet converted into shares or cash).</p> <p>Include bond derivatives, but <u>do not</u> include any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category). Include positions held indirectly through another entity (e.g., through an <i>ETF</i>, <i>exchange traded product</i>, U.S. registered investment companies, <i>non-U.S. registered investment companies</i>, <i>internal private fund</i> or <i>external private fund</i>, <i>commodity pool</i>, or other company, fund or entity).</p>
<i>Corporate bonds</i>	<p>Bonds, debentures, and notes, including commercial paper, issued by corporations and other non-governmental entities.</p> <p><u>Do not</u> include preferred equities. Include bond derivatives, but <u>do not</u> include any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category). Include positions held indirectly through another entity (e.g., through an <i>ETF</i>, <i>exchange traded product</i>, U.S. registered investment companies, <i>non-U.S. registered investment companies</i>, <i>internal private fund</i> or <i>external private fund</i>, <i>commodity pool</i>, or other company, fund or entity).</p>

<i>Correlation derivative</i>	A derivative transaction for which the underlying asset is the correlation between the price or rate movements of two instruments.
<i>CPO</i>	A “commodity pool operator,” as defined in section 1a(11) of the <i>CEA</i> .
<i>Credit rating agency</i>	Any nationally recognized statistical rating organizations, as that term is defined in section 3(a)(62) of the Securities Exchange Act of 1934.
<i>Critical operations</i>	For purposes of responding to Section 5, means the operations necessary for (i) the investment, trading, valuation, reporting, and risk management of the <i>reporting fund</i> ; or (ii) the operation of the <i>reporting fund</i> in accordance with the Federal securities laws and regulations.
<i>CTA</i>	A “commodity trading advisor,” as defined in section 1a(12) of the <i>CEA</i> .
<i>Current report</i>	A <i>current report</i> provided pursuant to the items listed in Section 5 of Form PF.
<i>Current reporting event</i>	Any event that triggers the requirement to complete and file a <i>current report</i> pursuant to the items in Section 5 of Form PF.
<i>Daily liquid assets</i>	Has the meaning provided in <i>rule 2a-7</i> .
<i>Daily rate-of-return</i>	Is the percentage change in the <i>reporting fund aggregate calculated value</i> from one day to the next and adjusted for subscriptions and redemptions, if necessary.
<i>Data reporting date</i>	<p>If you are a <i>large hedge fund adviser</i> or a <i>large liquidity fund adviser</i> responding to Items on this Form PF relating to any <i>hedge fund</i> or <i>liquidity fund</i>, the <i>data reporting date</i> is the last calendar day of the most recently completed calendar quarter for all Items on Form PF relating to such <i>hedge funds</i> and <i>liquidity funds</i>.</p> <p>If you are filing an initial filing or <i>annual update</i> for any other <i>private fund</i>, the <i>data reporting date</i> is the last calendar day of your most recently completed fiscal year.</p>
<i>Demand feature</i>	Has the meaning provided in <i>rule 2a-7</i> .

<i>Dependent parallel managed account</i>	With respect to any <i>private fund</i> , any related <i>parallel managed account</i> <u>other than</u> a <i>parallel managed account</i> that individually (or together with other <i>parallel managed accounts</i> that pursue substantially the same investment objective and strategy and invest side by side in substantially the same positions) has a <i>gross asset value</i> greater than the <i>gross asset value</i> of such <i>private fund</i> (or, if such <i>private fund</i> is a <i>parallel fund</i> , the <i>gross asset value</i> of the <i>parallel fund structure</i> of which it is a part).
<i>Dollar amount of loss over the 10-business-day period</i>	Is equal to the <i>reporting fund aggregate calculated value</i> at the end of the 10-business-day loss period less the <i>reporting fund aggregate calculated value</i> at the beginning of the 10-business day loss period less the net of any subscriptions or redemptions during the 10-business-day period.
<i>ETF</i>	Exchange-traded fund.
<i>Exchange traded products</i>	An investment traded on a stock exchange that invests in underlying securities or assets, such as an <i>ETF</i> or exchange traded note.
<i>Exempt reporting adviser</i>	Has the meaning provided in <i>Form ADV</i> .
<i>Exotic CDS</i>	<i>CDSs</i> referencing bespoke baskets or tranches of <i>CDOs</i> , <i>CLOs</i> , and other structured investment vehicles, including credit default tranches.
<i>External private funds</i>	<i>Private funds</i> that neither you nor your <i>related persons</i> advise.
<i>Feeder fund</i>	See <i>master-feeder arrangement</i> .
<i>Financial industry portfolio company</i>	Any of the following: (i) a nonbank financial company, as defined in the Financial Stability Act of 2010; or (ii) any bank, savings association, bank holding company, financial holding company, savings and loan holding company, credit union or other similar company regulated by a Federal, state, or foreign banking regulator, including the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the National Credit Union Administration or the Farm Credit Administration.
<i>Firm</i>	The <i>private fund adviser</i> completing or amending

<i>Foreign exchange derivative</i>	<p>this Form PF.</p> <p>Any derivative whose underlying asset is a currency other than the base currency of the <i>reporting fund</i> or is an exchange rate. Cross-currency interest rate swaps and currency forwards should be included in <i>foreign exchange derivatives</i> and excluded from <i>interest rate derivatives</i>. If one leg of the <i>foreign exchange derivative</i> is the base currency of the <i>private fund</i>, only the foreign currency side of the transaction should be counted. If neither leg of the <i>foreign exchange derivative</i> is in the base currency, both legs should be counted.</p>
<i>Form ADV</i>	<p>Form ADV, as promulgated and amended by the SEC.</p>
<i>Form ADV Section 7.B.1 General partner clawback</i>	<p>Section 7.B.1 of Schedule D to <i>Form ADV</i>. Any obligation of the general partner, its related persons, or their respective owners or interest holders to restore or otherwise return <i>performance-based compensation</i> to the fund pursuant to the fund's governing agreements.</p>
<i>General partner stakes investing</i>	<p>An investment strategy that acquires non-controlling interests in alternative investment managers and other entities that provide advisory services to, or receive compensation from, private funds.</p>
<i>G10</i>	<p>The Group of Ten. If the composition of the <i>G10</i> has changed after the effective date of this Form PF, use the current composition of the <i>G10</i>.</p>
<i>Government entity</i>	<p>Has the meaning provided in <i>Form ADV</i>.</p>
<i>Government securities</i>	<p>Are: (i) <i>U.S. treasury securities</i>; (ii) <i>agency securities</i>; and (iii) any certificate of deposit for any of the foregoing.</p>
<i>Gross asset value</i>	<p>Value of gross assets, calculated in accordance with Part 1A, Instruction 6.e(3) of <i>Form ADV</i>.</p>
<i>Gross exposure</i>	<p>The sum of the absolute value of all of the <i>reporting fund's</i> long and short positions with legal and contractual rights to a <i>reference asset</i>.</p>
<i>Gross notional value</i>	<p>The nominal or notional value of all transactions that have been entered into but not yet settled as of the <i>data reporting date</i>. For contracts with variable nominal or notional principal amounts, the basis for reporting is the nominal or notional principal amounts as of the <i>data reporting date</i> computed as the number of shares or units of the underlying <i>reference asset</i> times current price on the <i>data reporting date</i>.</p>

*Gross reporting fund aggregate calculated value*

The sum of the absolute value of every position in the *reporting fund's* portfolio, including *cash and cash equivalents*, short positions, and any fund-level borrowing, with the most recent price or value applied to the position for purposes of managing the investment portfolio. Where one or more portfolio positions are valued less frequently than daily, the last price used should be carried forward, though a current foreign exchange rate may be applied if the position is not valued in U.S. dollars. It is not necessary to adjust the *gross reporting fund aggregate calculated value* for accrued fees or expenses. *Gross reporting fund aggregate calculated values* do not need to be subjected to fair valuation procedures. The inclusion of income accruals is recommended but not required; however, the approach should be consistent over time. The *gross reporting fund aggregate calculated value* may be calculated using the adviser's own internal methodologies and conventions of the adviser's service providers, provided that these are consistent with information reported internally. *But see reporting fund aggregate calculated value.*

*GSE bonds*

Notes, bonds, and debentures issued by private entities sponsored by the U.S. federal government but not guaranteed as to principal and interest by the U.S. federal government. Include GSE *MBS*.

Include bond derivatives, but do not include any positions held via *CDS* (these should be recorded in the *CDS* category). Include positions held indirectly through another entity (e.g., through an *ETF*, *exchange traded product*, U.S. registered investment companies, *non-U.S. registered investment companies*, *internal private fund* or *external private fund*, *commodity pool*, or other company, fund, or entity).

*Guarantee*

For purposes of Question 65, has the meaning provided in paragraph (a)(16)(i) of *rule 2a-7*.

*Guarantor*

For purposes of Question 65, the provider of any *guarantee*.

*Hedge fund*

Any *private fund* (other than a *securitized asset fund*):

- (a) with respect to which one or more investment advisers (or related persons of investment advisers) may be paid a performance fee or allocation calculated by taking into account unrealized gains (other than a fee or allocation the calculation of which may take into account unrealized

- gains solely for the purpose of reducing such fee or allocation to reflect net unrealized losses);
- (b) that may borrow an amount in excess of one-half of its *net asset value* (including any *committed capital*) or may have gross notional exposure in excess of twice its *net asset value* (including any *committed capital*); or
  - (c) that may sell securities or other assets short or enter into similar transactions (other than for the purpose of hedging currency exposure or managing duration).

Solely for purposes of this Form PF, any commodity pool about which you are reporting or required to report on Form PF is categorized as a hedge fund. For purposes of this definition, do not net long and short positions. Include any *borrowings* or notional exposure of another person that are guaranteed by the private fund or that the private fund may otherwise be obligated to satisfy.

*Hedge fund assets under management*

With respect to any adviser, *hedge fund assets under management* are the portion of such adviser's *regulatory assets under management* that are attributable to *hedge funds* that it advises.

*Holding period return*

Means the cumulative *daily rate-of-return* over the holding period calculated by geometrically linking the *daily rates-of-return*. Holding period return (%) =  $((1 + R_1) \times (1 + R_2) \dots (1 + R_{10}) - 1) \times 100$  where  $R_1, R_2 \dots R_{10}$  are the *daily rates-of-return* during the holding period expressed as decimals. Has the meaning provided in *rule 2a-7*.

*Illiquid security*

*Index CDS*

*CDSs* referencing a standardized basket of credit entities, including *CDS* indices and indices referencing *leveraged loans*.

*Individual counterparty exposure table*

The tables at Questions 41 and 42 that collect the *reporting fund's borrowing and collateral received and lending and posted collateral* for each identified creditors and other counterparties as of the end of the *reporting period*.

*Inflation derivative*

A derivative transaction for which the underlying asset is the rate of inflation in a given country, or the price or yield of inflation-linked debt securities.

*Instrument type*

The instrument types specified by Question 32.

<i>Interest rate derivative</i>	Any derivative whose underlying asset is the obligation to pay or the right to receive a given amount of money accruing interest at a given rate. Cross-currency interest rate swaps should be included in <i>foreign exchange derivatives</i> and excluded from <i>interest rate derivatives</i> .  This information must be presented in terms of the <i>10-year bond equivalents</i> .
<i>Internal private funds</i>	<i>Private funds</i> that you or any of your <i>related persons</i> advise.
<i>Internal rate of return</i>	The discount rate that causes the net present value of all cash flows throughout the life of the fund to be equal to zero. <i>But see, rate of return</i> .
<i>Investment grade</i>	A security is <i>investment grade</i> if it is sufficiently liquid that it can be sold at or near its carrying value within a reasonably short period of time and is subject to no greater than moderate credit risk.
<i>Investments in non-U.S. registered investment companies</i>	Investments in investment companies (other than <i>private funds, money market funds, and ETFs</i> ) organized outside the U.S. and not registered as investment companies under the Investment Company Act of 1940.
<i>Investments in other sub-asset classes</i>	Any investment not included in another <i>sub-asset class</i> .
<i>ISDA</i>	International Swaps and Derivatives Association
<i>Large hedge fund adviser</i>	Any <i>private fund adviser</i> that is required to file Section 2 of Form PF for a <i>qualifying hedge fund</i> . See Instruction 3 to determine whether you are required to file this section.
<i>Large liquidity fund adviser</i>	Any <i>private fund adviser</i> that is required to file Section 3 of Form PF. See Instruction 3 to determine whether you are required to file this section.
<i>Large private equity fund adviser</i>	Any <i>private fund adviser</i> that is required to file Section 4a of Form PF.  See Instruction 3 to determine whether you are required to file this section.
<i>Large private fund adviser</i>	Any <i>large hedge fund adviser, large liquidity fund adviser, or large private equity fund adviser</i> .
<i>LCDS</i>	Loan credit default swaps.
<i>LEI</i>	With respect to any company, the “legal entity identifier” assigned by or on behalf of an

internationally recognized standards setting body and required for reporting purposes by the U.S. Department of the Treasury's Office of Financial Research or a financial regulator. Do not substitute any other identifier that does not meet this definition.

*Lending and posted collateral (L/PC)*

The mark-to-market value, as of the *data reporting date*, of the following: (i) *cash and cash equivalents* received by a counterparty from the *reporting fund* with the obligation to repay (exclude portfolio investments), (ii) securities borrowed or received by a counterparty in a *reverse repo* or securities lending transaction, (iii) collateral posted by the *reporting fund* to a counterparty, (iv) positive mark-to-market value of derivatives (from the *reporting fund's* point of view), and (v) *gross notional value* of *synthetic short positions*.

Do not include in lending and posted collateral any portfolio holdings or transactions for investment purposes, such as debt or equity securities issued by a counterparty, or the credit exposure of the *reporting fund* obtained by making secured or unsecured loans or similar transactions as part of the *reporting fund's* investment strategy. For example, in the case of an option on a debt security, report counterparty credit exposure in respect of the positive or negative mark-to-market value of the option and associated posted collateral; do not report the credit risk of the underlying debt security.

*Leveraged loans*

Loans that are made to entities whose senior unsecured long term indebtedness is *non-investment grade*. This may include loans made in connection with the financing structure of a leveraged buyout.

Do not include any positions held via *LCDS* (these should be recorded in the *CDS* category). Include positions held indirectly through another entity (e.g., through an *ETF*, *exchange traded product*, U.S. registered investment companies, *non-U.S. registered investment companies*, *internal private fund* or *external private fund*, commodity pool, or other company, fund or entity).

*Limited partner clawback*

An obligation of a fund's investors to return all or any portion of a distribution made by the fund to satisfy a liability, obligation, or expense of the fund pursuant to the fund's governing agreements.

*Liquidity fund*

Any private fund that seeks to generate income by investing in a portfolio of short term obligations in

	order to maintain a stable <i>net asset value</i> per unit or minimize principal volatility for investors.
<i>Liquidity fund assets under management</i>	With respect to any adviser, <i>liquidity fund assets under management</i> are the portion of such adviser's <i>regulatory assets under management</i> that are attributable to <i>liquidity funds</i> it advises (including <i>liquidity funds</i> that are also <i>hedge funds</i> ).
<i>Listed equity</i>	Equities, including preferred equities, listed on a regulated exchange.  Include synthetic or derivative exposures to equities. Include positions held indirectly through another entity (e.g., through an <i>ETF</i> , <i>exchange traded product</i> , U.S. registered investment companies, <i>non-U.S. registered investment companies</i> , <i>internal private fund</i> or <i>external private fund</i> , <i>commodity pool</i> , or other company, fund, or entity).
<i>Listed equity derivatives</i>	All synthetic or derivative exposures to equities, including preferred equities, listed on a regulated exchange.  Include e.g., single stock futures, equity index futures, derivatives relating to ADRs, and <i>other derivatives</i> relating to indices on <i>listed equities</i> , dividend swaps, total return swaps (contracts for difference), warrants, and rights.
<i>Master-feeder arrangement</i>	An arrangement in which one or more funds (" <i>feeder funds</i> ") invest all or substantially all of their assets in a single <i>private fund</i> (" <i>master fund</i> "). A fund would also be a <i>feeder fund</i> investing in a <i>master fund</i> for purposes of this definition if it issued multiple classes (or series) of shares or interests and each class (or series) invests substantially all of its assets in a single <i>master fund</i> .
<i>Master fund</i>	See <i>master-feeder arrangement</i> .
<i>Maturity</i>	The maturity of the relevant asset, determined without reference to the maturity shortening provisions contained in paragraph (i) of <i>rule 2a-7</i> regarding interest rate readjustments.
<i>MBS</i>	Mortgage backed securities, including residential, commercial and agency.  <u>Do not</u> include any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category).
<i>Money market fund</i>	Has the meaning provided in <i>rule 2a-7</i> .

<i>Most recent net asset value</i>	The <i>net asset value</i> reported as of the <i>data reporting date</i> at the end of the <i>reporting fund's</i> most recent <i>reporting period</i> .
<i>NAICS code</i>	With respect to any company, the six-digit North American Industry Classification System code that best describes the company's primary business activity and principal source of revenue. If the company reports a business activity code to the U.S. Internal Revenue Service, you may rely on that code for this purpose.
<i>Net assets under management</i>	<i>Net assets under management</i> are your <i>regulatory assets under management</i> minus any outstanding indebtedness or other accrued but unpaid liabilities.
<i>Net asset value or NAV</i>	With respect to any <i>reporting fund</i> , the gross assets reported in response to Question 12 minus any outstanding indebtedness or other accrued but unpaid liabilities.
<i>Netted exposure</i>	The <i>reporting fund's</i> exposure to a <i>reference asset</i> , after netting under instructions at Question 39.
<i>NFA</i>	The National Futures Association.
<i>Non-investment grade</i>	A security is <i>non-investment grade</i> if it is not an <i>investment grade</i> security.
<i>Non-U.S. financial institution</i>	Any of the following: (i) a financial institution chartered outside the United States; (ii) a financial institution that is separately incorporated or otherwise organized outside the United States but has a parent that is a financial institution chartered in the United States; or (iii) a branch or agency that resides in the United States but has a parent that is a financial institution chartered outside the United States.
<i>Open-end private fund</i>	Any <i>private fund</i> that offers redemption rights to its investors in the ordinary course, which may be paid in cash or in kind, irrespective of redemption frequency or notice periods and without regard to any suspensions, gates, lock-ups, or side pockets that may be employed by the fund.
<i>Operations event</i>	Means for purposes of section 5 that the <i>reporting fund</i> or <i>adviser</i> experiences a significant disruption or degradation of the <i>reporting fund's critical operations</i> , whether as a result of an event at a service provider to the <i>reporting fund</i> , the <i>reporting fund</i> , or the <i>adviser</i> .

<i>OTC</i>	With respect to any instrument, the trading of that instrument over the counter.
<i>Other ABS</i>	<i>ABS</i> products that are not covered by another <i>sub-asset class</i> .
<i>Other commodities</i>	<p><i>Commodities</i> other than agriculture, base metals, crude oil, natural gas, gold, other (non-gold) precious metals, and power and other energy commodities.</p> <p>For questions regarding <i>other commodities</i>, provide the <i>value</i> of all exposure to <i>other commodities</i> that you hold physically, synthetically or through derivatives (whether cash or physically settled), and positions held indirectly through another entity (e.g., through an <i>ETF</i>, <i>exchange traded product</i>, U.S. registered investment companies, <i>non-U.S. registered investment companies</i>, <i>internal private fund</i> or <i>external private fund</i>, <i>commodity pool</i>, or other company, fund, or entity).</p>
<i>Other derivatives</i>	Any derivative not included as another <i>instrument type</i> or <i>sub-asset class</i> .
<i>Other private fund</i>	Any <i>private fund</i> that is not a <i>hedge fund</i> , <i>liquidity fund</i> , <i>private equity fund</i> , <i>real estate fund</i> , <i>securitized asset fund</i> or <i>venture capital fund</i> .
<i>Other structured products</i>	<p>Any <i>structured products</i> not included in another <i>sub-asset class</i>.</p> <p><u>Do not</u> include any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category).</p>
<i>Parallel fund</i>	See <i>parallel fund structure</i> .
<i>Parallel fund structure</i>	A structure in which one or more <i>private funds</i> (each, a “ <i>parallel fund</i> ”) pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as another <i>private fund</i> .
<i>Parallel managed account</i>	With respect to any <i>private fund</i> , a <i>parallel managed account</i> is any managed account or other pool of assets that you advise and that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as the identified <i>private fund</i> .
<i>Performance-based compensation</i>	Allocations, payments, or distributions of capital based on the <i>reporting fund</i> ’s (or any of its investments’) capital gains, capital appreciation and/or other profit.

<i>Person</i>	Has the meaning provided in <i>Form ADV</i> .
<i>Position calculated value</i>	The value of a portfolio position using the most recent price or value available for purposes of managing the investment portfolio. Where a given position is valued less frequently than daily, the last price used should be carried forward, though a current foreign exchange rate may be applied if the position is not valued in the <i>reporting fund's</i> base currency. <i>Position calculated values</i> do not need to be subjected to fair valuation procedures. The <i>position calculated value</i> may be calculated using the adviser's own internal methodologies and conventions of the adviser's service providers, provided that these are consistent with information reported internally.
<i>Principal office and place of business</i>	Has the meaning provided in <i>Form ADV</i> .
<i>Private equity event report</i>	A quarterly report provided pursuant to the items listed in Section 6 of Form PF.
<i>Private equity fund</i>	Any <i>private fund</i> that is not a <i>hedge fund</i> , <i>liquidity fund</i> , <i>real estate fund</i> , <i>securitized asset fund</i> or <i>venture capital fund</i> and does not provide investors with redemption rights in the ordinary course.
<i>Private equity fund assets under management</i>	With respect to any adviser, <i>private equity fund assets under management</i> are the portion of such adviser's <i>regulatory assets under management</i> that are attributable to <i>private equity funds</i> it advises.
<i>Private equity reporting event</i>	Any event that triggers the requirement to complete and file a <i>private equity event report</i> pursuant to the items in Section 6 of Form PF.
<i>Private fund</i>	Any issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of that Act. If any <i>private fund</i> has issued two or more series (or classes) of equity interests whose values are determined with respect to separate portfolios of securities and other assets, then each such series (or class) should be regarded as a separate <i>private fund</i> . This only applies with respect to series (or classes) that you manage as if they were separate funds and not a fund's side pockets or similar arrangements.
<i>Private fund adviser</i>	Any investment adviser that (i) is registered or required to register with the <i>SEC</i> (including any investment adviser that is also registered or required to register with the <i>CFTC</i> as a <i>CPO</i> or <i>CTA</i> ) and (ii) advises one or more <i>private funds</i> .
<i>Private fund assets under management</i>	With respect to any adviser, <i>private fund assets</i>

*under management* are the portion of such adviser's *regulatory assets under management* that are attributable to *private funds* it advises.

*Qualifying hedge fund*

Any *hedge fund* that has a *net asset value* (individually or in combination with any *feeder funds*, *parallel funds* and/or *dependent parallel managed accounts*) of at least \$500 million as of the last day of any month in the fiscal quarter immediately preceding your most recently completed fiscal quarter.

*Quarterly update*

An update of this Form PF with respect to any calendar quarter.

*Rate of return*

For a *reporting fund*, the *rate of return* is the percentage change in the *net asset value* (or, when a *net asset value* is not available, in the *reporting fund aggregate calculated value*) in the *reporting fund's* base currency from one date to another and adjusted for subscriptions and redemptions. For a portfolio position, the *rate of return* is the percentage change in the *position calculated value*, adjusted for income earned and for changes in the quantity held resulting from activity, such as purchases, sales, or splits. *But see, internal rate of return.*

*Real estate fund*

Any *private fund* that is not a *hedge fund*, that does not provide investors with redemption rights in the ordinary course and that invests primarily in real estate and real estate related assets.

*Reference asset*

A security or other investment asset to which the *reporting fund* is exposed through direct ownership (*i.e.*, a physical or cash position), synthetically (*i.e.*, the subject of a derivative or similar instrument held by the *reporting fund*), or indirect ownership (*e.g.*, through *ETFs*, other *exchange traded products*, U.S. registered investment companies, *non-U.S. registered investment companies*, *internal private funds*, *external private funds*, *commodity pools*, or other companies, fund or entities. In the case of futures contracts permitting multiple deliverable assets, the *reference asset* should be the then-current cheapest to deliver instrument. You may identify the *reporting fund's reference assets* according to your internal methodologies and the conventions of service providers, provided that these methodologies and conventions are consistently applied and do not conflict with any instructions or guidance relating to this Form, and reported information is consistent with information you report internally and to investors and counterparties.

<i>Regulatory assets under management</i>	Regulatory assets under management, calculated in accordance with Part 1A, Instruction 5.b of <i>Form ADV</i> .
<i>Related person</i>	Has the meaning provided in <i>Form ADV</i> .
<i>Repo</i>	Any purchase of securities coupled with an agreement to sell the same (or similar) securities at a later date at an agreed upon price ( <i>i.e.</i> , a “securities in” transaction). <u>Do not</u> include any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category).
<i>Reporting fund</i>	A <i>private fund</i> as to which you must report information on Form PF. Typically, each <i>private fund</i> is a <i>reporting fund</i> .
<i>Reporting fund aggregate calculated value</i>	Every position in the <i>reporting fund’s</i> portfolio, including <i>cash and cash equivalents</i> , short positions, and any fund-level borrowing, with the most recent price or value applied to the position for purposes of managing the investment portfolio. <i>The reporting fund aggregate calculated value</i> is a signed value where all position values are summed. Where one or more portfolio positions are valued less frequently than daily, the last price used should be carried forward, though a current foreign exchange rate may be applied if the position is not valued in U.S. dollars. It is not necessary to adjust the <i>reporting fund aggregate calculated value</i> for accrued fees or expenses. <i>Reporting fund aggregate calculated value</i> does not need to be subjected to fair valuation procedures. The inclusion of income accruals is recommended but not required; however, the approach should be consistent over time. The <i>reporting fund aggregate calculated value</i> may be calculated using the adviser’s own internal methodologies and conventions of the adviser’s service providers, provided that these are consistent with information reported internally. <i>But see gross reporting fund aggregate calculated value</i> .
<i>Reporting period</i>	With respect to an <i>annual update</i> , the twelve month period ending on the <i>data reporting date</i> . With respect to a <i>quarterly update</i> , the three month period ending on the <i>data reporting date</i> .
<i>Reverse repo</i>	Any sale of securities coupled with an agreement to repurchase the same (or similar) securities at a later date at an agreed upon price ( <i>i.e.</i> , a “securities out” transaction).
<i>RSSD ID</i>	The identifier assigned by the National

	Information Center of the Board of Governors of the Federal Reserve System, if any.
<i>Rule 2a-7</i>	Rule 2a-7 promulgated by the <i>SEC</i> under the Investment Company Act of 1940.
<i>SEC</i>	U.S. Securities and Exchange Commission.
<i>Secured borrowing</i>	Obligations for borrowed money in respect of which the borrower has posted collateral or other credit support. For purposes of this definition, <i>reverse repos</i> are <i>secured borrowings</i> .
<i>Securities lending collateral</i>	Cash pledged to the <i>reporting fund's</i> beneficial owners as collateral in respect of securities lending arrangements.
<i>Securitized asset fund</i>	Any <i>private fund</i> whose primary purpose is to issue asset backed securities and whose investors are primarily debt holders.
<i>Separately operated</i>	For purposes of this Form, a <i>related person</i> is <i>separately operated</i> if you are not required to complete Section 7.A. of Schedule D to <i>Form ADV</i> with respect to that <i>related person</i> .
<i>Single name CDS</i>	<i>CDSs</i> referencing a single entity. Includes sovereign <i>single name CDS</i> , financial institution <i>single name CDS</i> , and other <i>single name CDS</i> .
<i>Sovereign bonds</i>	Any notes, bonds and debentures issued by a national government (including central governments, other governments and central banks but excluding U.S. state and local governments), whether denominated in a local or foreign currency.  Include bond derivatives, but <u>do not</u> include any positions held via <i>CDS</i> (these should be recorded in the <i>CDS</i> category). Include positions held indirectly through another entity (e.g., through an <i>ETF</i> , <i>exchange traded product</i> , U.S. registered investment companies, <i>non-U.S. registered investment companies</i> , <i>internal private fund</i> or <i>external private fund</i> , <i>commodity pool</i> , or other company, fund or entity).
<i>Structured products</i>	Pre-packaged investment products, typically based on derivatives and including structured notes.
<i>Sub-asset class</i>	Each sub-asset class identified in Question 32.
<i>Synthetic long position</i>	A total return derivative or similar contract under which (i) the <i>reporting fund</i> receives returns of a risky <i>reference asset</i> in exchange for paying the returns of a different, riskless <i>reference asset</i> , or

(ii) the *reporting fund* sells deep-in-the-money (e.g., those with deltas of 98% or higher) puts on a risky *reference asset* in exchange for an option premium. Total return derivatives may include, for example, a derivative that receives the total return or credit spread of equity or debt securities issued by individual issuers, or baskets or indices of such securities, including swaps, forwards, deep-in-the-money options (e.g., those with deltas of 98% or higher) and credit default swaps which receive the credit spread (also sometimes described as “short credit protection”). Exclude total return derivatives that have been cleared through a *CCP*; include uncleared *OTC* derivative positions only.

Include derivatives providing the return of equity securities, real estate, digital assets, commodities, *sovereign bonds*, *corporate bonds*, municipal bonds, and other assets.

Do not include *interest rate derivatives*, *volatility derivatives*, *variance derivatives* or *foreign exchange derivatives*. Do not include deep-in-the-money call options (e.g., those with deltas of 98% or higher) purchased by the *reporting fund* if the *reporting fund* has already paid the option premium in full, but include them if the premium is being paid over time.

#### *Synthetic short position*

A total return derivative or similar contract under which (i) the *reporting fund* pays returns of a risky *reference asset* in exchange for receiving the returns of a different, riskless *reference asset*, or (ii) the *reporting fund* sells deep-in-the-money calls (e.g., those with deltas of 98% or higher) on a risky *reference asset* in exchange for an option premium. Total return derivatives may include, for example, a derivative where the fund pays the total return or credit spread of equity or debt securities issued by individual issuers, or baskets or indices of such securities, including swaps, forwards, deep-in-the-money options (e.g., those with deltas of 98% or higher), and credit default swaps which pay the credit spread (also sometimes described as “long credit protection”). Exclude total return derivatives that have been cleared through a *CCP*; include uncleared *OTC* derivative positions only. Include derivatives where the fund pays the return of equity securities, real estate, digital assets, commodities, *sovereign bonds*, *corporate bonds*, municipal bonds and other assets.

Do not include *interest rate derivatives*, *volatility derivatives*, *variance derivatives* or *foreign exchange derivatives*. Do not include deep-in-the-money put options (e.g., those with deltas of 98% or higher) purchased by the *reporting fund* if the

	<i>reporting fund</i> has already paid the option premium in full; do include them if the premium is being paid over time.
<i>Trading vehicle</i>	A separate legal entity, wholly or partially owned by one or more <i>reporting funds</i> , that holds assets, incurs leverage, or conducts trading or other activities as part of a <i>reporting fund's</i> investment activities but does not operate a business.
<i>UCITS</i>	Undertakings for Collective Investment in Transferable Securities, as defined in the UCITS Directive of the European Parliament and of the Council (No. 2009/65/EC), as amended, or as captured by the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019, as amended.
<i>Unencumbered cash</i>	The sum of the <i>private fund's</i> (i) <i>cash and cash equivalents</i> , (ii) <i>government securities</i> , and (iii) the value of overnight <i>repos</i> used for liquidity management where the assets purchased are <i>U.S. treasury securities</i> or <i>agency securities</i> minus the sum of the following (without duplication): (i) <i>cash and cash equivalents</i> and <i>government securities</i> transferred to a collateral taker pursuant to a title transfer arrangement; and (ii) <i>cash and cash equivalents</i> and <i>government securities</i> subject to a security interest, lien or other encumbrance (this could include <i>cash and cash equivalents</i> and <i>government securities</i> in an account subject to a control agreement).
<i>Unfunded commitments</i>	<i>Committed capital</i> that has not yet been contributed to the <i>reporting fund</i> by investors.
<i>United States person</i>	Has the meaning provided in rule 203(m)-1 under the <i>Advisers Act</i> , which includes any natural person that is resident in the United States.
<i>Unlisted equity</i>	Equities, including preferred equities that are not listed on a regulated exchange. Include synthetic or derivative exposures to equities and positions held indirectly through another entity (e.g., through an <i>ETF</i> , <i>exchange traded product</i> , U.S. registered investment companies, <i>non-U.S. registered investment companies</i> , <i>internal private fund</i> or <i>external private fund</i> , <i>commodity pool</i> , or other company, fund, or entity).
<i>Unsecured borrowing</i>	Obligations for borrowed money in respect of which the borrower has not posted collateral or other credit support.
<i>U.S. depository institution</i>	Any U.S. domiciled depository institution,

including any of the following: (i) a depository institution chartered in the United States, including any federally-chartered or state-chartered bank, savings bank, cooperative bank, savings and loan association, or an international banking facility established by a depository institution chartered in the United States; (ii) banking offices established in the United States by a financial institution that is not organized or chartered in the United States, including a branch or agency located in the United States and engaged in banking not incorporated separately from its financial institution parent, United States subsidiaries established to engage in international business, and international banking facilities; (iii) any bank chartered in any of the following United States affiliated areas: U.S. territories of American Samoa, Guam, and the U.S. Virgin Islands; the Commonwealth of the Northern Mariana Islands; the Commonwealth of Puerto Rico; the Republic of the Marshall Islands; the Federated States of Micronesia; and the Trust Territory of the Pacific Islands (Palau); or (iv) a credit union (including a natural person or corporate credit union).

*U.S. financial institution*

Any of the following: (i) a financial institution chartered in the United States (whether federally-chartered or state-chartered); (ii) a financial institution that is separately incorporated or otherwise organized in the United States but has a parent that is a financial institution chartered outside the United States; or (iii) a branch or agency that resides outside the United States but has a parent that is a financial institution chartered in the United States.

*U.S. treasury securities*

Direct obligations of the U.S. Government. Include *U.S. treasury security* derivatives. Include positions held indirectly through another entity (e.g., through an *ETF, exchange traded product, U.S. registered investment companies, non-U.S. registered investment companies, internal private fund or external private fund, commodity pool*, or other company, fund or entity).

*Value*

See Instruction 15.

*VaR*

For a given portfolio, the loss over a target horizon that will not be exceeded at some specified confidence level.

*Variance derivative*

A derivative transaction for which the underlying asset is the price or yield variance of one or more assets or indices.

*Venture capital fund*

Any *private fund* meeting the definition of venture

capital fund in rule 203(l)-1 of the *Advisers Act*.

*Volatility derivative*

A derivative transaction for which the underlying asset is the price or yield volatility of one or more assets or indices.

*WAL*

Weighted average portfolio maturity of a *liquidity fund* calculated taking into account the maturity shortening provisions contained in paragraph (i) of *rule 2a-7*, but determined without reference to the exceptions in paragraph (i) of *rule 2a-7* regarding interest rate readjustments with the dollar-weighted average based on the percentage of each security's market value in the portfolio.

*WAM*

Weighted average portfolio maturity of a *liquidity fund* calculated taking into account the maturity shortening provisions contained in paragraph (i) of *rule 2a-7* with the dollar-weighted average based on the percentage of each security's market value in the portfolio.

*Weekly liquid assets*

Has the meaning provided in *rule 2a-7*. Include *daily liquid assets*. As a result, the value of *weekly liquid assets* should equal or exceed the value of *daily liquid assets*.

**NOTE:** The following Commodity Futures Trading Commission (CFTC) appendices will not appear in the Code of Federal Regulations.

**CFTC Appendices to Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers – CFTC Voting Summary and Commissioners’ Statements**

**CFTC Appendix 1 – Voting Summary**

On this matter, Chairman Behnam and Commissioners Johnson and Goldsmith Romero voted in the affirmative. Commissioners Mersinger and Pham voted in the negative.

**CFTC Appendix 2 – Statement of Commissioner Kristin N. Johnson**

Transparency is an integral component of the regulatory framework that ensures the safety and soundness and enduring preeminence of our financial markets. Our statutory mandate expressly directs the Commodity Futures Trading Commission’s (Commission or CFTC) mission to “ensure the financial integrity of all transactions subject to [the Commodity Exchange Act] and the avoidance of systemic risk” and today, consistent with this mandate, the Commission seeks to enhance oversight and improve visibility through well-calibrated data collection approaches.<sup>1</sup>

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) incorporated innovative regulatory features for promoting the stability of the U.S. financial system, including establishing the Financial Stability Oversight Council (FSOC) to monitor for emerging systemic risks that may significantly impact our financial markets and American consumers. Congress, in drafting the Dodd-Frank Act, recognized that systemic risks are best monitored through collaboration among prudential and market regulators, each endowed with distinct regulatory mandates and empowered to leverage their expertise to support FSOC’s systemic risk oversight objectives.

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<sup>1</sup> 7 U.S.C. 5(b).

Specifically, Section 404 of the Dodd-Frank Act amends Section 204 of the Investment Advisers Act of 1940 (Advisers Act) and grants the Securities and Exchange Commission (SEC) the power to require an SEC-registered investment adviser to file with the SEC reports regarding “private funds advised by the investment adviser, as necessary and appropriate in the public interest and for the protection of investors, or for the assessment of systemic risk by the [FSOC].”<sup>2</sup> Section 406 of the Dodd-Frank Act, which amends Section 211 of the Advisers Act, instructs the SEC and Commission, after consultation with FSOC, to “jointly promulgate rules to establish the form and content of the reports required to be filed” with the SEC and Commission by investment advisers registered both under the Advisers Act and the Commodity Exchange Act.<sup>3</sup>

As directed by the Dodd-Frank Act, in 2011, the Commission and SEC jointly issued rules to provide FSOC with important information about private fund operations and strategies through Form PF.<sup>4</sup> Form PF is a confidential form for certain SEC-registered investment advisers to private funds, including those that may also be dually registered with the Commission as a commodity pool operator (CPO) or commodity trading advisor (CTA).<sup>5</sup> In 2022, the Commission and SEC adopted proposed amendments to Form PF.<sup>6</sup> As noted in the preamble, the Commission is adopting the joint final rule to amend Form PF (Final Rule) in an effort to address information gaps and improve the Commissions’ and FSOC’s understanding of the private fund industry and the potential systemic risk posed by it. The Final Rule seeks to clarify aspects of the form and instructions as well as remove certain questions to streamline reporting.

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<sup>2</sup> 15 U.S.C. 80b-4(b).

<sup>3</sup> 15 U.S.C. 80b-11(e).

<sup>4</sup> Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 FR 71128, 71129 (Nov. 16, 2011).

<sup>5</sup> In 2020, the Commission adopted amendments to Form CPO-PQR for CPOs, which is used by CPOs and CTAs for reporting purposes. In lieu of filing the CFTC’s Form CPO-PQR, CPOs and CTAs may file NFA Form PQR, a comparable form required by the National Futures Association.

<sup>6</sup> Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers, 87 FR 53832 (Sept. 1, 2022).

Appropriately-tailored regulatory disclosure is a powerful tool in identifying vulnerabilities and trends in our markets, mitigating systemic risk, and addressing financial stability concerns. Disclosure of financial information to market regulators is critical to the regulatory oversight of our financial markets, particularly when such disclosure is accurate, timely, robust, and usable. Effective disclosure enables regulators to monitor market activities and take swift, decisive action to prevent or manage market stresses and crises. I support today's Final Rule and the careful consideration of both agencies that it reflects.

I commend the work of the staff of the Market Participants Division—Amanda Olear, Pamela Geraghty, Michael Ehrstein, Elizabeth Groover, and Andrew Ruggiero—for their careful work on the Final Rule.

### **CFTC Appendix 3 – Dissenting Statement of Commissioner Caroline D. Pham**

I respectfully dissent from the Joint Final Rule on Form PF and Reporting Requirements for All Filers and Large Hedge Fund Advisers that is being issued together with the U.S. Securities and Exchange Commission (SEC) (SEC-CFTC Joint Final Rule on Form PF or Joint Final Rule) because, overall, the rule does not achieve its stated purpose to improve systemic risk monitoring because it will obscure hidden risks and unacceptably increase costs for American savers.

When this proposal was adopted in August 2022, I raised my concerns that in a time of economic challenges, including rising inflation, we must be careful when considering proposals that could inhibit positive economic activity that supports American businesses and jobs.<sup>1</sup> The SEC-CFTC Joint Final Rule on Form PF charges ahead on the wrong path with no consideration for these concerns.

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<sup>1</sup> Dissenting Statement of Commissioner Caroline D. Pham Regarding the Proposed Amendments to Form PF (Aug. 10, 2022). I also continue to believe the cost-benefit analysis in the Final Rule is insufficient.

Astoundingly, all rules since the financial crisis have been based on aggregating data for better risk management.<sup>2</sup> Yet the SEC-CFTC Joint Final Rule on Form PF continues to mandate double, and sometimes triple, reporting,<sup>3</sup> without being based on any demonstrated data or evidence that it will improve systemic risk monitoring. To the contrary, it will hinder the ability of both firms and regulators to truly identify hidden risk. Effective risk management requires aggregation to understand the risk exposure. Indeed, this is a key pillar of Dodd-Frank reforms. But the Joint Final Rule will force firms to disaggregate risk monitoring and reporting to the individual fund level—obscuring the full picture.

Even worse, the SEC-CFTC Joint Final Rule on Form PF will create a flood of new information of dubious utility that will generate too much noise and is detrimental to data quality, also making it harder to see real risk positions. And, the Joint Final Rule does nothing to address the many operational and practical implementation issues that will unacceptably increase costs for American savers who have worked hard to earn their retirement investments.

For all these reasons, I cannot support the SEC-CFTC Joint Final Rule on Form PF and must dissent. This is an unacceptable backsliding on the progress made since the Dodd-Frank Act to strengthen our financial system, mitigate systemic risk, and promote financial stability.

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<sup>2</sup> See e.g., Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds, 79 FR 5808 (Jan. 31, 2014), available at <https://www.federalregister.gov/documents/2014/01/31/2013-31476/prohibitions-and-restrictions-on-proprietary-trading-and-certain-interests-in-and-relationships-with>; Bank for International Settlements (BIS) Basel Committee on Banking Supervision, Standards for Minimum Capital Requirements for Market Risk (Jan. 2016), available at <https://www.bis.org/bcbs/publ/d352.pdf>. BIS revised the Standards in 2019. BIS Basel Committee on Banking Supervision, Standards for Minimum Capital Requirements for Market Risk (Jan. 2019; rev. Feb. 2019), available at <https://www.bis.org/bcbs/publ/d457.pdf>.

<sup>3</sup> An overriding basis for the CFTC and SEC joint final rule in 2011 was to support the Financial Stability Oversight Council (FSOC), but three overlapping, or identical, data sets across the three entities raises confidentiality and data protection concerns, along with inefficiency issues. See Joint Final Rule, Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 FR 71128, 71129 (Nov. 16, 2011), available at <https://www.federalregister.gov/documents/2011/11/16/2011-28549/reporting-by-investment-advisers-to-private-funds-and-certain-commodity-pool-operators-and-commodity>; see also Authority To Require Supervision and Regulation of Certain Nonbank Financial Companies, 77 FR 21637, 21644 (Apr. 11, 2012), available at <https://www.federalregister.gov/documents/2012/04/11/2012-8627/authority-to-require-supervision-and-regulation-of-certain-nonbank-financial-companies>.

I appreciate the time that the staff spent with my office on this rulemaking. I would like to thank the CFTC team of Andrew Ruggiero, Elizabeth Groover, Michael Ehrstein, and Pamela Geraghty in the Market Participants Division for their efforts.

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