

Proposed Amendments to Form PF



The Securities and Exchange Commission proposed amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds, to:

- Require new current reporting of certain events for large hedge fund advisers and advisers to private equity funds;
- Decrease the reporting threshold for large private equity advisers; and
- Revise reporting requirements for large private equity advisers and large liquidity fund advisers.

Why This Matters

Form PF provides the SEC and the Financial Stability Oversight Counsel (FSOC) with important, confidential information about the basic operations and strategies of private funds. It has helped establish a baseline picture of the private fund industry for use in assessing systemic risk. Private funds are pooled investment vehicles that are excluded from the definition of “investment company” under the Investment Company Act of 1940 by section 3(c)(1) or 3(c)(7) of that Act. The term, “private fund,” generally includes funds commonly known as hedge funds and private equity funds.

These proposed amendments would apply to large hedge fund advisers, private equity advisers, and large liquidity fund advisers and are designed to enhance FSOC’s ability to monitor systemic risk, bolster the Commission’s regulatory oversight of private fund advisers, and enhance investor protection efforts. The Commission’s experiences with recent market events, like the March 2020 COVID-19 turmoil and the January 2021 market volatility in certain stocks, have highlighted the importance of receiving current and robust information from market participants.

What This Proposal Would Do

The proposed amendments would make three primary changes to Form PF:

New Current Reporting for Large Hedge Fund Advisers and Advisers to Private Equity Funds

Currently, Form PF requires advisers to file Form PF months after their quarter- and year-ends, depending on the size and type of private funds they advise. The proposal would require large hedge fund advisers to file current reports within one business day of the occurrence of one or more reporting events with respect to their qualifying hedge funds

pertaining to certain extraordinary investment losses, significant margin and counterparty default events, material changes in prime broker relationships, changes in unencumbered cash, operations events, and events associated with withdrawals and redemptions. The proposal also would require advisers to private equity funds to file current reports within one business day of the occurrence of one or more reporting events pertaining to the execution of adviser-led secondary transactions, implementation of general partner or limited partner clawbacks, removal of a fund's general partner, termination of a fund's investment period, or termination of a fund. The proposal is designed to allow the SEC and FSOC to receive more timely information about certain events that may signal distress at qualifying hedge funds and private equity funds or market instability.

Large Private Equity Adviser Reporting

The proposed amendments would reduce the threshold for reporting as a large private equity adviser from \$2 billion to \$1.5 billion in private equity fund assets under management. Lowering this threshold would enable the Commission and FSOC to receive reporting from a similar proportion of the U.S. private equity industry based on committed capital as when Form PF was initially adopted.

Additionally, the proposal would amend section 4 of Form PF for large private equity advisers to gather more information regarding fund strategies, use of leverage and portfolio company financings, controlled portfolio companies ("CPCs") and CPC borrowings, fund investments in different levels of a single portfolio company's capital structure, and portfolio company restructurings or recapitalizations. The proposed amendments are designed to provide useful empirical data to FSOC to better assess the extent to which private equity funds or their advisers may pose systemic risk and to inform the Commission in its regulatory programs for the protection of investors.

Large Liquidity Fund Adviser Reporting

The proposed amendments would require large liquidity fund advisers to report substantially the same information that money market funds would report on Form N-MFP, as the Commission proposes to amend it. Together, Form N-MFP and Form PF are designed to provide a complete picture of the short-term financing markets in which money market funds and liquidity funds both invest. The proposed amendments to Form PF are designed to enhance the Commission and FSOC's ability to assess short-term financing markets and facilitate our oversight of those markets and their participants.

Additional Information:

Visit [sec.gov](https://www.sec.gov) to find more information about the proposal and the full text of the proposed rules. The proposed rules will be published on [SEC.gov](https://www.sec.gov) and in the Federal Register.