October 11, 2022

Submitted electronically via https://comments.cftc.gov
Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 205281

Submitted electronically via rule-comments@sec.gov
Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Request for Comment on Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers [RIN 3235-AN13; SEC Release No. IA-6083; SEC File No. S7-22-22]

Dear Mr. Kirkpatrick and Ms. Countryman:

The Asset Management Group of the Securities Industry and Financial Markets Association ("**SIFMA AMG**")[1] welcomes the opportunity to comment on the joint Securities and Exchange Commission ("**SEC**") and Commodity Futures Trading Commission ("**CFTC**," and, together with the SEC, the "**Commissions**") proposal to amend Form PF (the "**Proposal**").[2] The Proposal sets forth proposed amendments to Form PF that would establish new reporting requirements, including the reporting of investment strategies, exposures, and master-feeder arrangements, among dozens of other new reporting requirements. The Commissions explain that the amendments "are designed to enhance the Financial Stability Oversight

[1] SIFMA AMG brings the asset management community together to provide views on policy matters and to create industry best practices. SIFMA AMG's members represent U.S. and multinational asset management firms whose combined global assets under management exceed $45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit http://www.sifma.org/amg.

[2] Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers, 87 Fed. Reg. 53,832 (Sep. 1, 2022), https://www.govinfo.gov/content/pkg/FR-2022-09-01/pdf/2022-17724.pdf (hereinafter, the "**Proposal**").

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Council's ("**FSOC's**") ability to monitor systemic risk."[3] As discussed below, the Proposal is one of two significant rule proposals relating to Form PF. The Proposal represents a paradigm shift to Form PF by, among other significant proposed changes, requiring fund-by-fund reporting (currently reporting using aggregated fund data is required), increasing the asset sub-classes that must be reported, and reintroducing reporting on all market factors. These sweeping changes should be thoughtfully considered in light of the existing oversight framework for private funds, the new burdens that the new Form PF reporting obligations would impose on investment advisers, the increased costs and barriers to entry for smaller and emerging funds and advisers, and the best, most practical and cost effective means to address the Commissions' systemic risk goals.

I. Executive Summary

SIFMA AMG urges the Commissions to reduce the overly burdensome proposed reporting requirements that likely will raise interpretive questions after any final rules are adopted and advisers have begun to implement the rules, and instead impose the most onerous requirements on only those investment advisers that actually have the most significant potential to present systemic risk to the markets. Our members' comments reflect these overarching objectives, summarized as follows:

- The impact, effectiveness and burdens of the proposed amendments to Form PF that the SEC previously introduced in January 2022 (the "**Prior Form PF Proposal**")[4] should be evaluated before the SEC concludes that an additional rulemaking on Form PF is required, and market participants should have an opportunity to consider the content of both proposals holistically to be able to provide meaningful comment.

- The Commissions should monitor for systemic risk in a more nuanced fashion and should leverage existing data sources when doing so. The costs and burdens of compliance with, and the implementation of, the Proposal, if adopted, outweigh any incremental benefits that the Commissions may yield if the Proposal is adopted.

- SIFMA AMG members are concerned that many of the new proposed Form PF reporting questions are ambiguous and should not be included in any final rulemaking without further refinements and with the expectation that interpretive questions that the Commissions will need to address likely will arise during investment advisers' implementation of any final rules.

- The Commissions should not require reporting on all market factors to which a portfolio is directly exposed and should continue to permit investment 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.

- The universe of investment advisers to which Form PF applies, in particular, those advisers that must file on a quarterly basis, is overly expansive and not tailored to address those advisers that actually have the potential for systemic risk.

- Rather than reversing the CFTC's recent efforts to streamline reporting requirements, the Commissions should review the detailed reporting requirements related to private fund investments contained in the Proposal and either (a) repropose a rulemaking that takes into consideration the

[3] The Proposal, 87 Fed. Reg. at 53,832.

[4] 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), https://www.sec.gov/rules/proposed/2022/ia-5950.pdf.

CFTC Staff report (discussed below) and existing transaction and position data available from exchanges, or (b) adopt final rules with less detailed reporting requirements consistent with the CFTC's recent efforts.

- SIFMA AMG requests that the Commissions consider the increased costs associated with any final rules adopted under the Proposal and their impact on new entrants before adopting the Proposal without refinements. As discussed in further detail below, advisers could face substantial additional costs, including implementation costs and ongoing annual vendor-related costs.

- SIFMA AMG respectfully requests that the Commissions regularly analyze Form PF data to determine whether it addresses the Commissions' stated goals and provide these analyses in Staff reports that are made publicly available.

- The Commissions should eliminate unnecessary reporting requirements as proposed and should not adopt additional unnecessary reporting requirements.

II. The Comment Period Is Insufficient to Provide Meaningful Comment, Particularly in Light of the SEC's Previous Rule Proposals

Earlier this year, in January 2022, the SEC issued the Prior Form PF Proposal. Comments were due by March 21, 2022, and the Prior Form PF Proposal remains under SEC review. We are disappointed that the SEC chose to issue two separate, significant proposals on Form PF within a short period of time. Regulation of private funds should be approached in a more methodical and holistic manner. The impact, effectiveness and burdens of one set of proposals should be evaluated before the SEC concludes that an additional rulemaking is required. In addition, those with an interest in proposed rules that are so closely related—the investment advisers who sponsor private funds, investors, and others—should have an opportunity to consider the content of both proposals holistically to be able to provide meaningful comment. The gravity of the proposed rules described in the Proposal, as well as those in the Prior Form PF Proposal, necessitates additional time for market participants to consider the impact of these proposals and gather estimated cost information. By issuing proposals in a staggered fashion, commenters were unable to consider the totality of the potential Form PF changes and meaningfully comment on the impact of the full suite of the rule proposals. The Commissions have now proposed very detailed additional amendments to Form PF in the Proposal. As you are aware, the Proposal was issued August 10, 2022, and comments are due on October 11, 2022, during an unprecedented time when the SEC has introduced more than 30 other rule proposals in the past 12 months.[5] In addition to devoting resources to analyzing and providing comment on such rule proposals, firms are in the midst of expending significant compliance efforts for other rules that will become effective soon.[6] The time and expertise necessary to fully understand the proposed obligations, assess the resources and associated costs to comply, and provide comments is a significant undertaking. As discussed further below, any changes to Form PF warrant a commensurate implementation period.

In light of the brief notice and comment period, SIFMA AMG members have had limited opportunity to meaningfully consider the potential unintended consequences and costs associated with every aspect of the Proposal, including the consequences of the Proposal in light of the potential impact that the Prior Form PF Proposal may have. In addition, the degree of granularity of the proposed amendments makes it difficult to estimate costs within the time frame that the Commissions have provided. The information requires classifications and methodologies that typically are not standard or stored in one place or that exist

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[5] *See* U.S. Securities and Exchange Commission, Rulemaking Index, https://www.sec.gov/rules/rulemaking-index.shtml.

[6] *See, e.g.*, Investment Adviser Marketing, 86 Fed. Reg. 13,024 (Mar. 5, 2021) (adopting a compliance date of Nov. 4, 2022).

in the manner that the proposed changes to Form PF would require, the implication of which is that workflows built solely for the purpose of redesigning Form PF compliance will be necessary. Some members believe that compliance with any final rules under the Proposal would need to be implemented as an entirely new reporting form because the proposed rules are too comprehensive for advisers to merely adjust their existing Form PF workflows. Our members recall the significant resources necessary to implement compliance with the original adoption of Form PF in 2011 and it is expected that the same approach will be needed if final rules are adopted in a substantially similar manner under the Proposal and the Prior Form PF Proposal. Implementation of potential final rules resulting from the Proposal could involve the retention of external consultants and allocation of technology budgets, depending on an adviser's business model and available resources. In addition, vendors would need to make their own investments in developing or redeveloping their technology, staffing and overall Form PF offerings. Although SIFMA AMG members have provided cost information to the extent possible, actual costs associated with the Proposal will not be fully known until the implementation of any rules adopted under the Proposal is underway. Depending on the outcome of the Prior Form PF Proposal and its implications for the Proposal, these cost estimates could significantly increase.

Therefore, we focus our comments in this comment letter on (1) the costs and burdens of compliance with, and the implementation of, the Proposal, if adopted, and why the reporting requirements are not appropriately tailored to and would not achieve the Commissions' desire for investor protection and mitigation of systemic risk; (2) the scope of the Form PF reporting obligations; (3) the need for consistency across Form PF and CFTC Form CPO-PQR; and (4) concerns related to the barrier to entry for small investment advisers and implementation costs that all investment advisers will incur if the Proposal is adopted.

III. The Excessive Costs and Burdens Associated with the Proposal Do Not Outweigh the Proposal's Diminishing Returns

The Proposal's amendments to Form PF purport to enhance FSOC's ability to monitor systemic risk and investor protection. The Commissions, however, do not describe the types of activities that may give rise to systemic risk, nor do they describe how the proposed reporting requirements are specifically tailored to identify and effectively monitor these activities. Rather, the Commissions appear to believe that monitoring for systemic risk and protecting investors may only be conducted by having access to every piece of fund-related data. Gathering granular data from all investment advisers does not inherently equate to systemic risk monitoring. Instead, the Commissions may receive too much information to make meaningful distinctions that allow them to identify the potential systemic risk. While fund data is informative and interesting, a rulemaking with the goal of monitoring for systemic risk and protect sophisticated investors should meet a higher standard before burdensome reporting is compelled. SIFMA AMG believes that the Commissions should monitor for systemic risk in a more nuanced fashion and should leverage existing data sources when doing so. In addition, the Commissions should provide a robust cost-benefit analysis to support the costs associated with the Proposal's new reporting requirements in light of the burdens they would introduce.

A. Monthly Reporting Will Not Achieve the Commissions' Goals

SIFMA AMG opposes the Proposal's monthly reporting obligations because a monthly frequency is not necessary to meet the Commissions' goals of investor protection or monitoring for systemic risk and would be unduly burdensome to firms without a clear investor protection benefit. Under the Proposal, all private fund advisers would report monthly performance data if such results were calculated for the reporting fund, monthly data about a qualifying hedge fund's portfolio correlation and borrowings, additional monthly sub-asset class information (*i.e.*, the adjusted exposure of long and short exposures for each sub-asset class for each monthly period), monthly country and industry exposure, and monthly gross and net asset values. The Commissions ask whether monthly reporting would facilitate their and FSOC's

objectives.[7] We respectfully respond to this question in the negative; simply put, monthly reporting of data does not facilitate systemic risk monitoring because quarterly reporting already provides the Commissions with the same type of information (*e.g.*, trends in the market, any new market players, and a broad picture of the market generally). Monthly reporting will, however, increase the costs and resource burdens associated with Form PF. Where quarterly reporting is currently required in Form PF, a monthly requirement introduces three times as much time to gather appropriate data and enter the data into Form PF at three times the cost. Where the monthly reporting would involve the collection of new data, the Commissions should consider the initial costs to establish compliance, in addition to the ongoing costs of reporting.

In addition, the Proposal allows flexible reporting only for performance data (permitting quarterly reporting if monthly data is not available), but not for reporting of borrowings, portfolio correlations, sub-asset class information, exposures, and gross and net asset values. As a result, investment advisers will need to perform new calculations that they do not already perform to complete Form PF where there is no flexibility. Many of the new reporting thresholds (*i.e.*, 5% of a fund's net asset value or $1 billion) presumably would require monthly calculations to determine whether these thresholds are satisfied, which imposes additional calculations that investment advisers had previously not performed or gathered the data to perform. The work involved with these calculations alone will create new compliance challenges for investment advisers. If an investment adviser does not complete monthly performance calculations, it is not subject to such reporting obligation, but it remains subject to the other monthly reporting obligations. Thus, the Commissions impose monthly calculations even where they profess to provide flexibility. If the Commissions intended to provide flexibility across all monthly reporting requirements, they should clarify this point.

Investment advisers may not perform monthly valuations and other calculations that would be necessary to report if final rules were adopted under the Proposal. Instead, they would be required to report using estimates, which is an imperfect (and costly) method to provide data to the Commissions for purposes of monitoring systemic risk. Quarterly performance and exposure data should provide the Commissions with the necessary information to monitor systemic risk and to determine whether additional information from a specific investment adviser about a specific fund would be helpful to achieve this goal. The Commissions asked whether there is a more balanced way to achieve the goals while not overburdening investment advisers with such a significant increase in reporting obligations. Therefore, SIFMA AMG requests that the Commissions refrain from adopting new monthly reporting requirements and use their other authority to gather information when necessary. To the extent that the Commissions proceed with monthly reporting requirements, SIFMA AMG requests that they do so only where investment advisers perform monthly calculations for other reasons across all such requirements.

B. Reporting for Advisers That Calculate Market Value on a Daily Basis Is Overly Burdensome Without Corresponding Benefits

The proposed reporting requirements that would be applicable to advisers that calculate market value on a daily basis are onerous, unevenly applied across advisers, and appear to surveil for market variability that occurs in the normal course instead of serious systemic risk. The additional reporting for advisers that calculate market value on a daily basis is symptomatic of the larger issue with the Proposal; that is, the Commissions have requested so much information that much of it likely will be noise, indecipherable from information that would display true red flags that could help the Commissions monitor for systemic risk. Moreover, an investment adviser often uses estimated and unaudited data that may be adjusted at the end of each month or quarter if the adviser calculates market value on a daily basis for internal purposes. The result of any such final requirement would be that investment advisers would have

[7] Question 39 asks: "Should Form PF require advisers who are filing quarterly updates to report information as of the end of each month of the reporting period, as proposed? Would this requirement facilitate our and FSOC's analysis of such advisers' other monthly Form PF data? Is there a better way to meet this objective?"

to determine whether to report the informal and potentially inaccurate data, and data that provides little, if any, utility to the Commissions. In addition, the Prior Form PF Proposal includes proposed rules designed to highlight significant intra-quarter events that would be reported to the SEC, and the SEC may conduct further follow-up on these issues if warranted to assess systemic risk. Such burdensome reporting requirements are not tailored to meet systemic risk goals. Therefore, SIFMA AMG respectfully requests that the Commissions eliminate these proposed reporting requirements in any final rulemaking.

The Proposal would require investment advisers that calculate market value on a daily basis for <u>any position</u> in the portfolio to report additional performance-related information, including (1) the reporting fund's aggregate calculated value at the end of the reporting period (and as of the end of the first and second month of the reporting period for advisers that file a quarterly update); (2) the reporting fund's volatility of the natural log of the daily rate of return for each month of the reporting period, using a prescribed methodology (or describing the methodology in Question 4); and (3) whether the reporting fund had <u>one or more days</u> with a negative daily rate of return during the reporting period. In the event that the reporting fund has one or more days with a negative daily rate of return, the investment adviser would also need to report the following information: (a) the most recent peak-to-trough drawdown, with an indication of whether the drawdown was continuing on the data reporting date; (b) the largest peak-to-trough drawdown; (c) the largest single-day drawdown; and (d) the number of days with a negative daily rate of return in the reporting period.

The Commissions explain that this data would allow them to compare volatility across different types of funds. However, this data will not be available for all funds because many funds do not calculate their value on a daily basis. A requirement to provide the aggregate calculated value of a fund at the end of a month or quarter should already be addressed by other questions about value. While SIFMA AMG acknowledges that some of this information may be valuable to review fund volatility, not all of it will be necessary to monitor systemic risk. For example, one day of a negative daily rate of return does not necessarily indicate volatility that poses systemic risk. In fact, a negative daily return may suggest that a fund is operating pursuant to its investment objective, depending on its strategy and market conditions. As noted above, any final rules under the Prior Form PF Proposal would identify significant market events affecting a fund. Further, the Commissions have not identified how they will use the new information required under the Proposal—particularly information about negative returns. If the Commissions intend to use this information for examination selection purposes, we note that monitoring for negative rates of return is distinct from monitoring for systemic risk. SIFMA AMG respectfully requests that the Commissions do not adopt the requirements to report additional information when an investment adviser calculates market value on a daily basis.

C. <u>The Proposal's Detailed Investment Reporting Reveals Funds' Investment Strategies Without Leveraging Existing Data Sources</u>

The Proposal would require large private fund advisers to report granular data about a qualifying hedge fund's investment strategy and its positions, revealing the fund's proprietary investment information. SIFMA AMG respectfully requests that the Commissions reconsider this aspect of the Proposal to reduce the burdens associated with this level of reporting and to avoid unintentional data leakages that could materially harm advisers and investors.

The Proposal would amend the sub-asset classes by doing the following: (1) expanding equity exposure reporting to add sub-asset classes for listed equity securities (including new sub-asset classes for other single-name listed equities and indices on listed equities), and American depository receipts; (2) adding reporting "repo" and "reverse repo" positions, based on term; (3) adding additional sub-asset classes for asset-backed securities and other structured products, breaking out reporting of collateralized debt obligations and collateralized loan obligations, with sub-asset classes based on the instrument's seniority (senior, mezzanine, and junior tranches), similar to Form CPO-PQR; (4) reporting more detailed information

on single-name credit default swaps ("**CDS**") exposure, with new sub-asset classes for sovereign single-name CDS, financial institution single-name CDS, and other single-name CDS, and reporting separately for U.S. Dollar interest rate derivatives and non-U.S. currency interest rate derivatives and introducing new sub-asset classes for correlation derivatives, inflation derivatives, volatility derivatives, and variance derivatives; (5) making changes to how cash is reported, broadening the current power commodity sub-asset classes to capture other energy commodities and adding new commodity sub-asset classes (precious metals, agricultural commodities, and base metal commodities); and (6) adding a new sub-asset class for digital assets. The Proposal would require large private fund advisers to report the dollar value of a qualifying hedge fund's long and short positions in sub-asset classes by instrument type. In addition, the Proposal would require large private fund advisers to report both "gross" long and short exposure for sub-asset classes (and by instrument type, as proposed) and "adjusted" exposure of long and short positions for each sub-asset class in which a fund has a reportable position.[8]

Instead of requiring such granular data for every qualifying hedge fund, the Commissions should seek general information about asset classes similar to CFTC Form CPO-PQR and leverage existing Form PF and Forms 13F and 13H (and CFTC Form CPO-PQR where relevant) to obtain more granular information about the instruments that a fund holds, consistent with the CFTC's efforts to streamline reporting, as discussed further below. Wherever possible, the Commissions should leverage existing data to avoid redundancy and unnecessary costs that ultimately are borne by investors, whether in the form of increased fees or less resources devoted to investor-facing tools, discussed in Section III.G below. We again encourage the Commissions to distinguish between systemic risk and market risk and consider when such granular information rises to the level that necessitates reporting as opposed to information that may just be interesting. The Commissions also should consider how the CFTC's ownership and control reporting ("**OCR**") regime could inform amendments to Form PF. For example, the OCR regime includes Form 71, which is used to gather information about originating firms of customer omnibus accounts. By leveraging existing resources or frameworks, the Commissions could obtain the data necessary to monitor for true systemic risk without introducing new burdens and costs associated with more detailed sub-asset class reporting.

Moreover, the Commissions should not seek information in an effort to monitor systemic risk unless that information is narrowly tailored, particularly when that information could give rise to confusion and security concerns. First, such detailed information will show that an investment adviser has exposure to certain instruments even when the investment adviser's goal is to gain exposure to a different instrument, but Form PF will not capture this insight (*e.g.*, a fund might hold exposure to 2-year and 30-year Treasury bonds in proportions to match a duration target or use Treasury bonds as ballast to corporate credit exposure to manage interest rate risk). Second, the provision of granular sub-asset class information may allow those with access to the information (whether sanctioned or unsanctioned) to recreate a fund's investment strategy which, if duplicated or made public, in whole or in part, could lead to investor harm instead of the investor protection that the Proposal purports to seek to achieve. We are concerned that the provision of such detailed information could disclose a fund's investment strategy and, thus, this information should only be provided when there is a true need to have this level of detail about a fund's investments.

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[8] In addition, the Proposal would require advisers 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 aggregated 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. The Proposal also would require advisers 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) 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 debt security issuance, (2) one percent of net asset value, if the reference asset is a listed equity security 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.

While we appreciate that the Commissions likely have security measures to protect Form PF data, the risk of proprietary information being accessed by an unauthorized person is too great to warrant the provision of such information. Broad references to systemic risk, without more, do not demonstrate a need for proprietary sub-asset class information. SIFMA AMG respectfully requests that the Commissions not adopt the proposed sub-asset class reporting requirements for the reasons described herein.

D. The Proposal Is Not Tailored to Address Scenarios That Are More Likely to Indicate Systemic Risk

The Proposal introduces dozens of new reporting requirements without appropriately tailoring these obligations to identify systemic risk. For example, for reporting areas with multiple questions (*e.g.*, borrowings and creditors), the Form could ask a general question, the answer to which could prompt the Form to ask additional questions that are tailored to identify systemic risk. Using such smart form approach would achieve the Commissions' goals while easing the Proposal's burden on investment advisers by reducing the number of questions an investment adviser generally must answer. Another approach that the Commissions did not consider is the provision of a fund's financial statements. Under CFTC rules, commodity pool operators ("**CPOs**") must file with the National Futures Association ("**NFA**") annual reports consisting of a fund's audited financial statements. A fund's financial statements provide standardized information to the Commissions in a way that is not burdensome to investment advisers because they generally prepare financial statements for funds each year. SIFMA AMG encourages the Commissions to reduce the number of questions asked, tailor questions in a way that is designed to identify systemic risk, and use information that investment advisers already compile and calculate, so that they do not need to rebuild their reporting systems.

E. The Commissions Should Eliminate or Provide Clarification on Questions That Are Ambiguous or Impossible to Calculate

Many of the new questions that the Commissions include in the Proposal are ambiguous and should not be included without further refinements in any final rulemaking. For example, Questions 42 and 43 of the proposed Form PF require investment advisers to report on borrowing exposure, but the Commissions have not explained whether an investment adviser should include cross-collateralization agreements and, if so, how such agreements should be incorporated in the new borrowing calculations and reporting obligations. In addition, the new category for cash and cash equivalents that are not otherwise allocated to another strategy under investment-strategy reporting could, without clarification, have unintended consequences. For example, do the Commissions expect investment advisers to include in this category cash balances or cash equivalents held to manage redemptions or be part of a broader investment strategy that requires sufficient liquidity to allocate funds to new investment opportunities, or cash or cash equivalents held to accumulate interest or for other reasons? If not, the Commissions should narrowly tailor the category to obtain the information they need to monitor for systemic risk. Moreover, if reporting about withdrawal and redemption rights is included in any final rulemaking, the Commissions should clarify their reporting expectations for funds with multiple types of redemption rights, such as quarterly and committed redemption rights.

Other questions included in the Proposal require an investment adviser to perform impractical or, in some cases, impossible calculations. For example, an investment adviser would need to "look through" a fund's investments in other funds to determine the fund's exposure in sub-asset classes to answer Question 32. An investment adviser similarly would need to look through a fund's investments in other funds to report on currency exposure (Question 33), country exposure (Question 35), industry exposure (Question 36), net positions (Question 39), and gross positions (Question 40). The look-through requirements present significant issues that would make the proposed reporting requirements difficult to satisfy. Investment advisers would need to gather data from third parties, rely on the accuracy of another party's data, and depend on third parties to provide the data in a timely manner to comply with these reporting requirements.

If a fund invests in registered investment companies or UCITS, it will be extremely difficult for an investment adviser to obtain information from the managers of these types of funds because of issues related to transparency and selective disclosure. Moreover, an exchange traded fund or other fund may independently own thousands of securities or investments that an investment adviser with no direct exposure to these instruments would now under the Proposal be required to report on Form PF. The Commissions should be receiving this information from the advisers of these other funds when such advisers complete Form PF. Thus, the look-through reporting is duplicative and may be confusing. In light of the challenges involved with looking through to other investment vehicles for this information, and because the Commissions should already have access to this data, SIFMA AMG requests that the Commissions clarify that an investment adviser need not look through to its funds' investments in other funds when responding to these sorts of proposed questions and confirm that an investment adviser must only report about its direct exposure.

Under the Proposal, a "digital asset" would be defined to mean "an asset that is issued and/or transferred using distributed ledger or blockchain technology ('distributed ledger technology'), including, but not limited to, so-called 'virtual currencies,' 'coins,' and 'tokens.'" The Commissions have proposed a definition of digital assets that captures non-security digital asset classes, including commodities, bitcoin and non-fungible tokens, but it is unclear whether the intent of the definition was to capture any and all digital assets as opposed to all securities. SIFMA AMG respectfully requests that the Commissions redefine "digital asset" in a more tailored way to avoid overlap with other asset classes and do so in a way that is aligned with broader federal governmental efforts to define digital assets. SIFMA AMG also requests that the Commissions clarify reporting requirements that are subject to ambiguity.

F. Reporting on All Market Factors Rather Than Only Those Market Factors Regularly Considered Continues to Be Irrelevant

SIFMA AMG respectfully recommends that the Commissions consider their initial guidance on Form PF's current Question 42 (*i.e.*, "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.") before expanding its scope to include all market factors to which a portfolio is directly exposed in proposed Question 47. The Commissions previously proposed this broad scope but ultimately chose to permit investment 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 because (1) the burden associated with responding to this question is too great given any benefits with such expansive scope, and (2) investment advisers without existing quantitative models would potentially have needed to build or acquire such models in order to respond to the question, meaning that advisers would need to engage their funds in stress tests that would be irrelevant or immaterial to certain funds.[9] The Commissions have changed course on this position, which is problematic because commenters' concerns and the burdens associated with this level of reporting have not changed since the initial 2011 rulemaking. If irrelevant market factors are reported to the Commissions, it is important to consider how the Commissions will use irrelevant data and distinguish irrelevant data from relevant data. Accordingly, SIFMA AMG requests that the Commissions do not adopt expanded reporting on market factors.

G. Potential Costs Could Lead to Decreased Resources and Increased Cost for Investors

The Proposal introduces various new reporting requirements that are not necessary to achieve the Commissions' goals of investor protection and systemic risk monitoring. The result of these increased reporting requirements is increased compliance costs. SIFMA AMG asked members how the costs of compliance with any new requirements would impact their businesses, and we received a variety of responses. The compliance costs associated with the Proposal (and the Prior Form PF Proposal) will divert

[9] Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 Fed. Reg. 71,128, 71,150 (Nov. 16, 2011).

resources to compliance because regulatory priorities always take precedence over other initiatives, even those that could better service clients and investors or the business. We note that other regulatory initiatives have stressed, and are expected to continue to stress, technology budgets, which is another reason we encourage the Commissions to be thoughtful about the holistic regulatory agenda and various initiatives being proposed and adopted on similar time frames. The added expense also increases the marginal cost to form parallel funds or alternative investment vehicles in consideration of the costs involved with filing Form PF for these vehicles. Private funds are a key means to gain scale and facilitate capital formation. As described in more detail below, these costs will introduce additional barriers to entry for small investment advisers, especially those who do not have the benefits of scale or staffing to absorb these costs. The Commissions should consider whether these results, which would directly impact investors, outweigh any benefits of the Proposal's broad reporting requirements. SIFMA AMG requests that the Commissions tailor the proposed reporting requirements more narrowly or eliminate altogether the overly burdensome requirements for which the costs do not outweigh the benefits or do not efficiently achieve the Commissions' stated goals.

IV. The Commissions Have Reintroduced Form PF Without Revisiting Scope of Application

SIFMA AMG respectfully requests that the Commissions consider the scope of the application of Form PF and whether the scope is appropriate in light of the Commissions' goals to monitor systemic risk. Specifically, our members are of the view that the universe of investment advisers to which Form PF applies, in particular, those advisers that must file on a quarterly basis, is overly expansive and not tailored to address those advisers that actually have the potential for systemic risk. With all of the proposed revisions to Form PF, both in this Proposal and the Prior Form PF Proposal, the Commissions essentially proposed to introduce an entirely new Form PF. However, the Commissions have failed to consider whether the scope of the application of the Form PF requirements should be updated to account for the intervening decade since the first version of Form PF was introduced. The Commissions acknowledge that the value of private fund net assets that are reported on Form PF have increased by nearly 2½ times the amount reported just nine years ago in 2013.[10] The growth of the private fund industry may be attributable to many factors, including larger funds or new investment advisers that have entered the market with new offerings. Although the Commissions ask whether the definition of "hedge fund" should be redefined, the Commissions have not considered whether "large hedge fund advisers" and "qualifying hedge funds" should be redefined to capture advisers and funds that may have a larger impact on the financial system or pose actual systemic risk, in line with the Commissions' goals of the Proposal.

SIFMA AMG implores the Commissions to examine the current thresholds in these definitions to identify the advisers and funds that have the most potential for systemic risk and modify the thresholds as appropriate (an upward adjustment probably is necessary). To address systemic risk that the Commissions describe as being a motivating driver in introducing the Proposal, the Commissions should place enhanced reporting burdens only on those advisers that actually represent the highest potential for systemic risk. Currently, the thresholds in the definitions that determine who reports on Form PF and what funds are subject to additional reporting requirements are too low. Accordingly, SIFMA AMG requests that the Commissions use existing data and consider whether the threshold has been set at a figure that creates more extensive reporting burdens appropriately, but our members have also proposed a figure that increases the threshold if the Commissions decline to perform the economic analysis using the data that is already available to them. At a minimum, the threshold used in the "large hedge fund adviser" definition should be increased from $1.5 billion to $3.75 billion, consistent with the 2½ times growth in the industry. The thresholds in the definitions of "large private equity adviser" and "large liquidity fund adviser" should be increased from $2 billion to $5 billion and $1 billion to $2.5 billion, respectively. The threshold in the

[10] The Proposal, 87 Fed. Reg. at 53, 833, n. 7.

"qualifying hedge fund" definition should be increased from $500 million to $1.25 billion. Alternatively, the SEC should analyze the Form PF information it has to determine the dollar threshold most appropriate to capture the top percentage of fund managers. The Commissions should adopt a requirement to update these thresholds periodically, similar to the adjustments that the SEC recently made to the "qualifying client" and "accredited investor" requirements.[11]

In connection with the scope of who must report on Form PF and the funds that are reportable funds, and in response to the Commissions' questions asking whether they should revise the definition of "hedge fund," SIFMA AMG supports a new definition that is narrower and easier to manage for purposes of reporting data on Form PF.[12] As currently defined on Form PF, with SIFMA AMG's proposed revisions in underscored font, a "hedge fund" means 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

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[11] *See, e.g.*, Order Approving Adjustment for Inflation of the Dollar Amount Tests in Rule 205–3 Under the Investment Advisers Act of 1940, 86 Fed. Reg. 32,993 (Jun. 23, 2021); Order Designating Certain Professional Licenses as Qualifying Natural Persons for Accredited Investor Status, 85 Fed. Reg. 64,234 (Oct. 9, 2020).

[12] Questions 26, 97-99, and 101 ask commenters to provide feedback on the definition of "hedge fund."

- Question 26 asks: "Should Form PF require advisers to identify if the reporting fund is a commodity pool, as proposed? Are any CPOs currently reporting information regarding any commodity pools, even if they are not private funds? If so, why? Alternatively, should we revise the definition of 'hedge fund' so it would not include commodity pools? If we exclude commodity pools from the definition of 'hedge fund,' should we amend Form PF to require advisers to report the same or different information about commodity pools as they do for hedge funds?"
- Question 97 asks: "We understand that some reporting funds may consider themselves 'private equity funds,' but advisers report them as hedge funds as Form PF directs 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, for example, 12 months) (a 'deemed hedge fund' for purposes of this Release). Should we amend the definition of 'hedge fund' in the Form PF Glossary of Terms so that such deemed hedge funds report as private equity funds and not hedge funds? If so, how? Would such changes improve data quality by excluding private equity strategies from reporting as hedge funds and instead requiring such funds to report as private equity funds? If so, and if we were to amend the definition of 'hedge fund' in Form PF, should we amend it for all purposes under Form PF or only certain sections such as sections 1 and 2? Should we concurrently make conforming definitional changes to any other forms, such as Form ADV (or alternatively amend Form ADV so it would reference any revised definition of 'hedge fund' in Form PF)?"
- Question 98 asks: "As an example, should we amend the definition of 'hedge fund' so that, to qualify as a hedge fund under the leverage prong of the definition, a fund would have to continue to satisfy subsection (b) of the definition, 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); and to qualify as a hedge fund under the short selling prong of the definition, the fund must have actually engaged in the short selling activities described in subsection c of the definition during the past 12 months? If we were to amend the definition, would excluding actual borrowings secured by unfunded commitments (*i.e.*, subscription lines of credit) appropriately exclude private equity funds, which typically engage in such borrowings? Should any amended definition require actual borrowing or short selling in the last 12 months? Alternatively, should any amended definition require a longer or shorter time period, such as 18 months or nine months, or different time periods for borrowing versus short selling?"
- Question 99 asks: "Should any amended definition include a requirement for the reporting fund to provide redemption rights in the ordinary course or exclude actual portfolio company guarantees in the past 12 months (or some other time period)? What other alternative changes to any amended definition of 'hedge fund' do you suggest?"
- Question 101 asks: "Would it be appropriate for any amended definition of 'hedge fund' to continue to include commodity pools or should commodity pools be excluded?"

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); and

(b)(i) that may borrow, and has borrowed within the past twelve months, an amount in excess of one-half of its net asset value (including any committed capital) or may have, and does actually have within the past twelve months, gross notional exposure in excess of twice its net asset value (including any committed capital); *provided that*, borrowings secured by real estate shall not be considered for this purpose; or

~~(c)~~(ii) 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), and has actually sold securities or other assets short or entered into similar transactions within the past twelve months.

Solely for purposes of this Form PF, any commodity pool about which you are reporting or required to report on Form PF is not 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.

SIFMA AMG's proposed revisions to the definition of "hedge fund" appropriately capture funds that the SEC believes are hedge funds, *i.e.*, funds that actually borrow, use leverage to gain exposure, or enter into short securities transactions—while excluding funds that engage in borrowings that are secured by real estate and commodity pools that are reported on Form CPO-PQR and that may not even invest in securities. Many funds are given broad authority to engage in these activities but do not actually do so or do so on rare occasions. Thus, the revisions would exclude funds that do not actually engage in these activities, helping to streamline reporting requirements and easing the burden on investment advisers. SIFMA AMG appreciates the Commissions' consideration of our revised definitions that will limit the scope of reporting in a thoughtful manner, in a way designed to provide better and more accurate data to the Commissions and help achieve the Commissions' goals to monitor for systemic risk. Accordingly, SIFMA AMG respectfully requests that the Commissions reconsider the universe of investment advisers and funds that are subject to such reporting requirements.

V. The Commissions Should Strive for Consistency Across Form PF and Form PQR and Leverage Existing Available Data

The Commissions explain that the Proposal is designed to align Form PF with the CFTC reporting form for CPOs, Form CPO-PQR, to allow filers to "compile and use similar data in completing both forms."[13] SIFMA AMG requests that the Commissions review the detailed reporting requirements related to private fund investments and either repropose a rulemaking that takes into consideration the CFTC Staff report discussed below and existing transaction and position data available from exchanges, or adopt final rules with less detailed reporting requirements consistent with the CFTC's recent efforts to streamline reporting requirements.

The Proposal effectively reverses the CFTC's recent efforts to streamline reporting requirements. The CFTC previously adopted amendments to Form CPO-PQR in 2020 in an effort to streamline reporting requirements to which CPOs registered with the CFTC are subject.[14] In the preamble to the final rules, the CFTC instructs Staff to "evaluate the ongoing utility of the [Pool Schedule of Investments] information"

[13] The Proposal, 87 Fed. Reg. 53,857, n.166.

[14] Compliance Requirements for Commodity Pool Operators on Form CPO–PQR, 85 Fed. Reg. 71,772 (Nov. 10, 2020).

within 18 to 24 months following the compliance date of the final rules (*i.e.*, March 31, 2021). In doing so, the CFTC directed Staff to consider whether it is appropriate to adopt the NFA's 2010 simpler version of the Schedule of Investments and develop recommendations or a proposed rulemaking to effectuate Staff's findings.[15] The CFTC states its expectation that Staff would engage with SEC Staff during this period regarding potential Form PF amendments that may inform amendments to Form CPO-PQR.[16] Moreover, the CFTC recommended that Staff "explore the use of data available from designated contract markets, swap execution facilities, and swap data repositories—*i.e.*, existing sources of transaction and position data—and its application to effecting robust oversight of CPOs and commodity pools, as compared to the information received from Revised Form CPO–PQR."[17]

However, the Commissions do not elaborate on whether a Staff report on the Pool Schedule of Investments has been produced and, if so, whether its findings indicate that the simplified version of the Pool Schedule of Investments would provide sufficient data to achieve the Commissions' goals. Nor do the Commissions elaborate on whether existing transaction and position data, such as exchange data and large trader reporting, could provide FSOC with data to effectively monitor systemic risk and protect investors without unduly burdening investment advisers. By introducing new reporting requirements, including reporting about sub-asset classes, investment strategies, exposures, and other details about private funds, the Commissions would essentially reverse much of the CFTC's recent efforts to simplify reporting requirements applicable to CPOs. For example, the CFTC's 2020 rulemaking eliminated Form CPO-PQR's Schedule B, applicable to mid-sized and large CPOs (mid-sized CPOs were subject to an annual reporting requirement, whereas large CPOs were subject to a quarterly reporting requirement), which asked for data about a fund's investment strategy, borrowings and types of creditors, counterparty credit exposure, trading and clearing mechanisms, and the value of aggregate derivatives positions. The Commissions now propose to ask for this information.

SIFMA AMG respectfully requests that the Commissions reconsider the detailed investment-level data that would be required under the Proposal because it is inconsistent with the CFTC's efforts and fails to consider whether existing data is available to monitor systemic risk and protect investors without increasing investment adviser compliance obligations, particularly during this unprecedented time of SEC rulemakings.

VI. The Proposal Should Be Streamlined in Consideration of the Barriers to Entry for Small Investment Advisers and the Costs of Implementation of Form PF Amendments

SIFMA AMG respectfully requests that the Commissions adopt changes to Form PF that are streamlined and efficient to implement, including for small investment advisers, with a single compliance date and sufficient time to come into compliance with any new rules that arise out of the Prior Form PF Proposal and this Proposal.

A. Small Investment Advisers Face Staggering Barriers to Entry

SIFMA AMG requests that the Commissions consider the increased costs that the Proposal would introduce on the broader market and their impact on new entrants before adopting the Proposal without refining the reporting requirements as we have recommended throughout our letter. Form PF is just one compliance obligation that a new investment adviser must consider before providing its services. By

[15] *Id.*

[16] *Id.*

[17] *Id.*

increasing the Form PF reporting requirements, the Commissions will increase the costs to enter the investment adviser market.

Small and emerging investment advisers often use private fund structures to launch their services for several reasons, one being that managing a single vehicle typically is administratively less burdensome and requires less staffing and other resources than managing multiple separate accounts with different investment limitations. Often, investment advisers find it easier to establish a private fund when starting a new business or spinning out of a larger asset manager because they can efficiently build scale and establish a track record. The private fund vehicle is a critical method for smaller investment advisers to gain a foothold in the business, but additional compliance costs and burdens create actual, tangible barriers to entry. The costs associated with Form PF apply to investment advisers regardless of the strategy, instruments, or investors in the private fund. SIFMA AMG requests that the Commissions appropriately tailor any new or increased reporting requirements and consider whether all reporting requirements are necessary for small investment advisers, particularly those requirements that have been expanded from applying solely to large private fund advisers with qualifying hedge funds to all investment advisers.

B. The Costs of Form PF Implementation Are High

SIFMA AMG is concerned that the compliance costs associated with the Proposal and the Prior Form PF Proposal are significant, and the time to implement any rules adopted under these proposals will be lengthy—upwards of two years. The implementation involved with two rulemakings impacting the same reporting form presents compliance challenges. Investment advisers will need to identify new information that must be reported, determine where it is located or who is responsible for compiling that information, and create procedures to ensure that the data is compiled in a timely manner for purposes of filing Form PF. In addition, an investment adviser will need to update its reporting template, coordinate with its administrator, and train its staff to comply with each rulemaking affecting Form PF. An investment adviser also will need to perform testing on system updates and compliance efforts. If these efforts need to be performed more than once, an investment adviser's compliance efforts will take longer and incur additional expenses. To the extent that the Prior Form PF Proposal is adopted, as well as this Proposal, the Commissions should establish the same compliance date for both because it is more efficient to modify existing systems to account for new rules at the same time rather than pursuant to different compliance dates by virtue of the Commissions' failure to act on the Prior Form PF Proposal and the Proposal concurrently.

Many SIFMA AMG members use technology vendors to implement updates to reporting systems and perform regression testing and analysis, as well as other testing. The costs associated with the use of vendors to complete regulatory reporting forms (including Forms PF and CPO-PQR) are estimated to be in excess of $1,000,000 (even at a reduced rate given the volume of business the adviser gives its vendor), and it is expected that these costs will increase if advisers must update their systems to account for Form PF amendments with multiple compliance dates. One of our members provided feedback that its vendor-related costs will increase by at least $2,000,000 annually, with much of this cost attributable to the reporting requirements that require reporting special purpose vehicles separately. A one-time implementation fee for a technology-only solution (which would consist of a standard data template and some data calculations) could be as much as $300,000.

Notwithstanding the availability of vendors, an outside vendor may not be able to perform the work necessary to assist with the preparation of Form PF because the majority of the new requirements under the Proposal would require data gathering, a task that an outside vendor will not be able to complete unless it is also a fund service provider. For small to mid-sized investment advisers with numerous private funds and hedge funds subject to Form PF, typically just one person is responsible for completing Form PF. To the extent that the Prior Form PF Proposal and the Proposal are adopted, that person would need to create a new reporting template and determine which new information needs to be gathered and calculated, and

work with the adviser's accounting team to gather and calculate this information. Advisers could require external consultants to advise on Form PF implementation and ensure that these tasks are completed by the compliance date. The costs of consultant engagements to prepare Form PF are expected to be in the six figures. While small to mid-sized investment advisers rely on consultants and vendors to assist with regulatory reporting, large investment advisers typically have specialist groups that are responsible for regulatory reporting. Many large investment advisers are thinking about the cost of the Proposal in terms of full-time employees in dedicated regulatory reporting groups (which costs could be between $130,000 to $160,000 per year to support Form PF alone, without capturing internal partners such as fund services, client services, audit, legal, compliance, and risk) and not in terms of the number of extra hours needed to complete Form PF given the extensive amendments to the current form.

Other issues that likely will cause the cost of implementation to increase include the proposed requirement to report each trading vehicle as a separate private fund. Our members request that the Commissions allow *pro rata* aggregation of trading vehicle data because the Proposal's separate trading vehicle reporting requirements may actually be a significant contributor to the overall vendor cost increase, especially where such ongoing compliance costs are report-based. Thus, the Commissions should permit *pro rata* aggregation reporting (or make trading vehicle separate reporting more restrictive by requiring it only where such vehicles engage in leverage or borrowings). The cost of implementation is higher than necessary because Form PF uses drop-down menus instead of fields for data entry and estimates instead of actual figures where actual figures are not available, and may require the adviser to update the estimated figures.[18] The Commissions should strive to automate Form PF as much as possible to allow investment advisers to upload Excel or other files to complete the form quickly and efficiently, similar to Form N-PORT filings.

In addition, the opportunity to use estimated figures to respond to Form PF questions, especially when actual data is not available (such as when audited financial statements have not been completed at the time Form PF is due), presents some ambiguity that the Commissions should clarify. If actual data is unavailable, investment advisers will need to make a good-faith effort to compile estimated figures, adding to the time to prepare Form PF and to the costs associated with Form PF, particularly if there is any expectation that estimates will be updated in the future. If actual data is unavailable, the Commissions should accept a "not available" response instead of requiring estimates. However, if the Commissions adopt the requirement to use estimated figures when actual figures are not available, SIFMA AMG requests that both of the Commissions make clear that advisers may provide estimated figures without updating them with actual data that may become available after Form PF's due date. In addition, we believe that good-faith estimates are not inconsistent with the representation acknowledging that providing any false or misleading statement in Form PF or material fact or material omission from Form PF constitutes a violation of Section 6(c)(2) of the Commodity Exchange Act, and we request that the CFTC confirm that it agrees with this interpretation.[19]

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[18] Question 53 asks: "Should Form PF direct advisers to report estimated values if their financial statement's audit is not yet completed when Form PF is due, as proposed? Alternatively, should we require advisers to update Form PF with updated values when the audited financial statements are complete?"

[19] Form PF contains a representation that all advisers and their related persons must make, stating: "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*." When a related person signs Form PF, the related person makes the following representation: "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*." (Emphasis in the original.)

VII. SIFMA AMG Requests That the Commissions Regularly Analyze Form PF Data

SIFMA AMG respectfully requests that the Commissions regularly analyze Form PF data to determine whether it addresses the Commissions' goals and provide these analyses in Staff reports that are made publicly available. The Staff's reports should describe the effectiveness of information provided on Form PF and regularly assess whether the information is appropriate in light of the ongoing costs associated with monitoring and reporting such information borne by industry participants (in particular, smaller industry participants). Staff should assess whether the Form PF data meets the Commissions' objectives, with any benefits of the data weighed against the costs imposed on investment advisers subject to the requirements. Accordingly, the Commissions should collect data related to the costs of implementation of any final rules issued under the Proposal and the Prior Form PF Proposal as well as the costs associated with ongoing compliance with Form PF requirements. In doing so, the Commissions will be able to better tailor and remove questions that do not effectively provide data that achieves the Commissions' objectives.

VIII. SIFMA AMG Supports the Elimination of Unnecessary Reporting Requirements

The Proposal eliminates a few reporting burdens, but, given all of the new requirements, these eliminations are not enough to outweigh the burdens associated with the Proposal. However, SIFMA AMG supports the elimination of unnecessary reporting requirements, including the removal of an "extra calculation," by requiring advisers to report information about trading and clearing mechanisms based on value instead of as a percentage in terms of value and trade volumes, as currently required. SIFMA AMG also supports the removal of the requirement to provide the approximate percentage of the hedge fund's net asset value managed using high-frequency trading strategies and of aggregated information about the funds that large hedge fund advisers manage. In addition, SIFMA AMG is in favor of continuing to report whether a private fund is a UCITS or AIF and where such fund is domiciled, but not where such fund is marketed because a UCITS or AIF could be marketed anywhere outside the United States and marketing activities may change over time. Consistent with the Commissions' elimination of unnecessary reporting requirements, our members request that, to the extent that the Commissions require Form PF reporting of UCITS and AIFs, they adhere to "equivalence" reporting based on the extent of reporting to which UCITS and AIFs are already subject.

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IX. Conclusion

SIFMA AMG appreciates the opportunity to provide these comments and your consideration of our feedback. We would be pleased to further engage on the comments contained in this letter or on the Proposal generally. Please do not hesitate to contact Lindsey Keljo at 202-962-7312 (lkeljo@sifma.org) or Kevin Ehrlich (kehrlich@sifma.org) at 202-962-7336 with any questions.

Sincerely,

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cc: Honorable Rostin Behnam, Chair, U.S. Commodity Futures Trading Commission
Honorable Kristin N. Johnson, Commissioner, U.S. Commodity Futures Trading Commission
Honorable Christy Goldsmith Romero, Commissioner, U.S. Commodity Futures Trading Commission
Honorable Summer K. Mersinger, Commissioner, U.S. Commodity Futures Trading Commission
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