

SEC Proposes Expanded Reporting Requirements to Form PF for Private Funds

September 6, 2022



The Securities and Exchange Commission (SEC) recently proposed amendments to Form PF that would require more detailed reporting of data by investment advisors for private funds. In advancing the proposed amendments, SEC Chair Gary Gensler noted the growth and increased complexity that private funds have experienced in the decade since the Form PF was created, and praised the proposed amendments as promising “greater visibility for regulators into this important part of our capital markets.”

Specifically, the proposed amendments would require certain hedge funds to provide additional information on investment exposure, investment concentration, and borrowing and financing arrangements, according to an SEC release.

The proposal also would require private fund advisors who are required to submit Form PFs to report additional information about themselves and their private funds, including assets under management, withdrawal and redemption rights, inflows and outflows, borrowings and types of creditors, beneficial ownership and fund performance.

The amendments, proposed in conjunction with the Commodities Futures Trading Commission (CFTC), are designed to provide more data to inform the Financial Stability Oversight Council's (FSOC) ability to assess systemic risk, bolster oversight of private fund advisors and strengthen investor protection efforts.

The 3-2 vote of the proposed amendments, approved on August 10, 2022, reflected dissension among the commissioners, with Commissioner Hester Peirce stating that the FSOC "does not need to have this kind of detailed knowledge of individual private funds' activities," and Commissioner Mark T. Uyeda criticizing the amendment proposal for being vague about the "systemic risks" it was intended to address.

Bryan Corbett, president and CEO at the Managed Funds Association, said in a statement that alternative asset managers already provide extensive information to regulators. "The SEC should focus on better utilizing this information rather than imposing new burdens on fund managers that are of dubious utility," Corbett said.

Proposed Amendment Highlights

Among other things, the proposed amendments would:

- Enhance how large hedge fund advisors report investment exposures, borrowing and counterparty exposure, market factor effects, currency exposure reporting, turnover, country and industry exposure, central clearing counterparty reporting, risk metrics, investment performance by strategy, portfolio correlation, portfolio liquidity, and financing liquidity to provide better insight into the operations and strategies of these funds and their advisors.
- Require additional basic information about advisors and the private funds they advise, including identifying information, assets under management, withdrawal and redemption rights, gross asset value and net asset value, inflows and outflows, base currency, borrowings and types of creditors, fair value hierarchy, beneficial ownership and fund performance to provide greater insight into private funds' operations and strategies; assist in identifying trends, including those that could create systemic risk; improve data quality and comparability, and reduce reporting errors.

- Require more detailed information about the investment strategies, counterparty exposures, and trading and clearing mechanisms employed by hedge funds, while also removing duplicative questions, to provide greater insight into hedge funds' operations and strategies, assist in identifying trends, and improve data quality and comparability.

[The amendment proposal will be published on SEC.gov and in the Federal Register.](#) The public comment period will remain open for 60 days after the date of issuance and publication on SEC.gov, or 30 days after publication in the Federal Register, whichever period is longer.

How Anchin Can Help

This is a brief overview of the SEC's draft proposal that will expand the reporting requirements for certain private funds. For further information on how the new disclosure rules may affect your private fund, please reach out to your Anchin Relationship Partner or email info@anchin.com.