February 24, 2022

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File No. S7-01-22
Comments on Proposed Amendments to Form PF for Private Funds

Dear Ms. Countryman:

We appreciate the opportunity to submit comments on the SEC’s proposed amendments to Form PF for private funds. We applaud the efforts of the Commission and its Staff to amend Form PF which we believe will create greater transparency for investors and assist in regulatory oversight of potential systemic risk.

Based on our recent survey to approximately 2,300 limited partners in private equity funds and private fund attorneys in connection with the proposed new rules, below are our comments to certain proposed amendments to Form PF that we believe are in the best interests of investors and advisors to private funds.

1. Investor Liquidity in Form PF

   a) Recommendation that Private Equity Funds also estimate Liquidity.

   In Section 2b, page 30 of 43 in Form PF, hedge funds are required to estimate liquidity available to investors in terms of price as a percentage of the fund’s net asset value, and time to settle.

   We recommend that private equity funds also estimate liquidity available to investors in Form PF by providing a secondary market bid indication as a percentage of the
fund’s net asset value over a 90 day time period to settle, along with the source of the bid indication - preferably from an independent 3rd party agent and not a single prospective buyer handpicked by the fund’s general partner.

Today, approximately 23% of all private equity funds worldwide are 15 years of age or older according to Pitchbook, a leading data provider, which significantly exceeds the typical 10 year target term in a U.S. private equity fund’s private placement memorandum. Therefore, investors in U.S. private equity funds are increasingly vulnerable to significantly longer holding periods without liquidity and therefore risk, than originally anticipated.

In recent years, the secondary markets for interests in private equity funds have grown rapidly. For 2021, NYPPEX estimates that secondary transaction volume increased to approximately $92.5 billion worldwide for interests in private equity funds.

As the secondary market has grown, liquidity has become relatively easy to obtain for investors in private equity funds, upon approval of the private equity fund’s general partner.

Increasingly, secondary price data is also available. At NYPPEX, we provide secondary bid indications on over 9,500 private equity funds headquartered in 110 countries. Although we believe our secondary price data is the most extensive to the best of our knowledge, there are other intermediary firms that also provide secondary price data on interests in private equity funds.

Despite these trends, unfortunately, many general partners continue to refuse investors’ requests to transfer interests in sponsored private equity funds in order for investors to access liquidity and manage risk. When refusing investor requests for liquidity, we have heard investors’ feedback over the years that the general partner tells the investor - they made a long term contractual commitment when they invested in a private equity fund.

Ironically, under the FAST Act signed into law on December 4, 2015, the SEC codified Section 4(a) (7) to provide a statutory basis for resales of restricted securities by persons other than issuers - to enhance liquidity in the private markets. Previously such persons relied upon on the Section 4(a)(1½) private placement exemption for the resale of privately placed securities.
A sample secondary liquidity format in Form PF for sponsors of private equity funds could be as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Strategy</th>
<th>Vintage</th>
<th>Region</th>
<th>Bid Indication</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX Fund</td>
<td>Buyout</td>
<td>2019</td>
<td>USA</td>
<td>92.75</td>
<td>NYPPEX</td>
</tr>
<tr>
<td>YYY Fund</td>
<td>Buyout</td>
<td>2017</td>
<td>USA</td>
<td>98.50</td>
<td>NYPPEX</td>
</tr>
<tr>
<td>ZZZ Fund</td>
<td>Buyout</td>
<td>2015</td>
<td>USA</td>
<td>101.25</td>
<td>NYPPEX</td>
</tr>
</tbody>
</table>

Note: Bid indications expressed as a percentage of fund’s most recently stated net asset value.

Secondary price data provides a variety of additional benefits to investors in private equity funds.

First, accounting standard FASB ASC 820 (fair value estimates) encourages investors to consider data from 3rd parties to independently estimate the fair value of investments in private equity funds to support their GAAP or IFRS compliant audited financial statements. We encourage the SEC to require disclosure of secondary price data in private equity funds, as it would create greater transparency, cost and time efficiency for auditors and investors when creating audited financial statements.

Second, the format above would enable investors to make better decisions when considering commitments to new private equity funds by evaluating the secondary bid indications for an advisor’s prior private equity funds.

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We appreciate the opportunity to comment on the SEC’s proposed amendments to Form PF for private funds. If the Commission or its Staff have any questions or wish to discuss the matters mentioned in this letter, please contact Jeremy Kim, General Counsel at [email protected] or [email protected] or myself direct at [email protected] or [email protected].

Respectfully submitted,

Laurence G. Allen
Managing Member

CC: Jeremy Kim, General Counsel

About NYPPLEX Holdings

NYPPLEX operates a global private marketplace that provides secondary market liquidity and data to qualified investors in alternative funds such as buyout, venture, real estate, infrastructure and natural resources and also in private companies. We believe our specialized services are important as we provide the opportunity for investors to manage risk in alternative assets as well as help facilitate private capital formation and jobs in the United States.

Since 1999, NYPPLEX has helped pioneer the development of a secondary private equity market worldwide for both qualified private clients and institutional investors in alternative funds and private companies. Currently, we provide liquidity to investors in 19 alternative fund strategies (i.e. buyout, venture, real estate, infrastructure, private debt and natural resources), which we believe substantially contributes to economic growth and employment in the United States. To date, NYPPLEX has executed and settled over 1,625 private equity transactions which have provided liquidity or capital to qualified investors, private companies and alternative funds. We believe our number of private equity transactions are the largest of any secondary private equity intermediary worldwide.
Prior to NYPPEX, qualified private clients were typically unable to access liquidity for their investments in alternative funds due to a lack of standardization, as well as excessive legal and related costs.

Since 2004, the NYPPEX QMS™ has been formerly recognized by the U.S. Internal Revenue Service as a Qualified Matching Service for private partnerships though a private letter ruling under Internal Revenue Code §1.7704.

In 2014, the NYPPEX (Shanghai) Investment Consulting Co. Ltd. was among the first foreign financial firms approved as members into the Shanghai Free Trade Zone (FTZ), along with Oaktree Capital, Citadel and Man Group. Among its features, the Shanghai FTZ permits yuan convertibility and foreign currency exchange, and a tax-free period of 10 years for the businesses in the area.

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