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Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Mr. Christopher Kirkpatrick
Secretary of the Commission
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Submitted via email to rule-comments@sec.gov
Submitted via the CFTC Comments Portal at http://comments.cftc.gov

October 11, 2022

Dear Ms. Countryman and Mr. Kirkpatrick,

Amendments to Form PF to Amend Reporting Requirements for All Filers and Large Hedge Fund Advisers (File Number S7-22-22)

The Alternative Investment Management Association Limited ("AIMA")[1] and the Alternative Credit Council ("ACC")[2] appreciate the opportunity to respond to the Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC" and, together with the SEC, the "Commissions") with respect to the proposed new rules and amendments under the

[1] AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 2,100 corporate members in over 60 countries. AIMA's fund manager members collectively manage more than $2.5 trillion in assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA's website, www.aima.org.

[2] The ACC currently represents over 250 members that manage over $600 billion of private credit assets. The ACC is an affiliate of AIMA and is governed by its own board which ultimately reports to the AIMA Council. ACC members provide an important source of funding to the economy, providing finance to mid-market corporates, SMEs, commercial and residential real estate developments, infrastructure as well the trade and receivables business. The ACC's core objectives are to provide direction on policy and regulatory matters, support wider advocacy and educational efforts, and generate industry research with the view to strengthening the sector's sustainability and wider economic and financial benefits.

Investment Advisers Act of 1940, as amended (the "Advisers Act"), governing the Form PF reporting requirements for all filers and large hedge fund advisers (such proposed new rules and amendments are collectively referred to herein as the "Proposal").[3]

This Proposal follows the January 6, 2022 proposal to substantially amend Form PF, which has not yet been finalized.[4] Taken together, the potential changes to Form PF from these Proposals go well beyond the mandate of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") to monitor for any potential systemic risks and extend into areas of a filer's business in a manner that raises questions of the Commissions' intent. As well, when these changes are considered in aggregate with the disclosure elements of many other pending rule proposals that have been released within the past year, the resulting reporting obligations are immense, in many cases duplicative, and in some cases present outright data conflicts due to differences in expressed values or reporting entity structures. The latter is a most troubling aspect, as a primary objective in data reporting is consistency. Multiple streams of varying or conflicting datapoints will hinder constituent comparisons and degrade overall analysis, rendering the data unhelpful in achieving the Commissions' objectives while placing an inordinate burden on those required to produce it.

The resulting massive collection of data from this Proposal, particularly when combined with the requirements of other existing and proposed rules, would represent far more than a necessary window into adviser activity. The granularity of the aggregate data collected would provide an intrusive path into the proprietary workings of fund managers under the guise of regulatory "need to know". This data overreach, the results of which are intended to be kept confidential, raise two material concerns.

One, as referenced by SEC Commissioner Uyeda, is that it will bestow upon all who access it a level of knowledge that cannot be "unlearned", and those who may then leave either of the Commissions for roles at industry competitor firms will be in possession of extremely valuable proprietary details.[5]

The other is the cybersecurity risk that this data is breached. Although we acknowledge the Commissions' strong efforts to protect the data they possess, we have seen repeatedly that no organization is impenetrable. We trust that view is shared by the SEC, given its recent proposal to significantly strengthen adviser cybersecurity responsibilities.[6] We believe it is not a matter of "if" but "when" one of the Commissions is successfully, materially breached, which is why they should do all they can to ensure that they limit the data collection to only what they truly need to carry out their respective duties.

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3 Joint Proposing Release, Amendments to Form PF to Amend Reporting Requirements for All Filers and Large Hedge Fund Advisers, 87 FR 53832 (Sept 1, 2022) (the "Proposing Release").

4 Proposing Release, Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements for Large Private Equity Advisers and Large Liquidity Fund Advisers, 87 FR 9106 (Feb. 17, 2022) (the "January SEC Release").

5 *See* Commissioner Mark T. Uyeda, Statement on Amendments to Form PF to Amend Reporting Requirements for All Filers and Large Hedge Fund Advisers (Aug. 10, 2022), available at https://www.sec.gov/news/statement/uyeda-statement-amendments-form-pf-081022.

6 SEC Proposing Release, Cybersecurity Risk Management for Investment Advisers, Registered Investment Companies, and Business Development Companies, Rel. No. 33-11028 (Feb. 9, 2022).

Finally, the Proposal signals a clear divergence from Dodd-Frank Act's intent to enhance coordination and cooperation between the Commissions. Many of our constituents are subject to reporting obligations from both regulators. Form PF was developed to address issues of common regulatory interest to both Commissions, yet this Proposal signals that a trend of divergence between the Commissions' respective reporting obligations is continuing to develop following on from the CFTC's earlier changes to Form CPO-PQR and the determination to no longer accept Form PF in lieu of filing on Form CPO-PQR.[7]

We appreciate the Commissions' desire for information. Equally, we recognize that adjustments to existing data streams may be required where information is insufficient, particularly where changes to market practices have occurred. However, we do not believe the Commissions have thoroughly analyzed the value of the outputs resulting from the proposed Form PF changes, nor do we believe that a holistic review of all current and proposed reporting requirements has been performed to ensure consistency and alignment with the Commissions' stated objectives and duties. If it were to do so, we do not believe the Proposal would be deemed necessary, at least in its current form.

We have summarized a few of our primary concerns and key recommendations regarding the Proposal below and address many aspects of the Proposal in greater detail through our responses in the attached Annex.

- **Methodologies for determining reporting entities –** The Commission should seek to remain consistent with the reporting entity methodologies used in other regulatory filings, reporting and disclosures (e.g., Form ADV), in order to minimize discrepancies in individual filer analysis and in multi-filer or cross industry comparisons. The Commissions should carefully evaluate the negative impact of the discrepancies and conflicts that will arise in filer information due to the Proposal's differing reporting entity methodologies, determining thresholds and investment look-throughs versus other required filings (e.g., aggregation, disaggregation, disregarded entities);

- **Look through to indirect investments and those related exposures –** The Proposal should be re-examined with a view toward minimizing or altogether removing look-throughs to indirect investments and their related exposures. In many cases, there is no certainty of availability or accuracy for this information, which also would produce false signals of risk because these arm's-length exposures would be weighed along with the reporting fund's direct holdings;

- **Inconsistencies among filer datasets due to discretionary elements –** We urge the Commissions to eliminate discretionary reporting elements from this Proposal in order to ensure that the data collected from all filers can provide valuable, industry-wide insights;

- **Providing daily return estimates and position-level market value calculations –** We recommend that the Commissions re-evaluate the Proposal's requirements for internal daily

[7] *See* CFTC Adopting Release, Compliance Requirements for Commodity Pool Operators on Form CPO–PQR, 85 FR 71772 (Nov. 10, 2020).

return estimates and position-level market value calculations, which are not consistently produced by all filers, and where so, are recognized as prone to fluctuation and not to be relied upon as an accurate representation of fund/investment returns; and

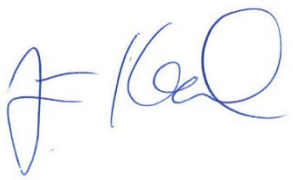
- **Scope of changes and granular level of reporting –**The proposed scope of changes and granularity of reported data will require both filers and their service providers to rewrite existing systems and processes used for Form PF reporting, and to obtain data from yet-unknown sources to satisfy the Commissions' mandate, The Commission must consider a lengthy implementation period commensurate with significant burden proposed and should review its prior cost benefit analysis to more accurately reflect the Proposal's true impact.

The complexities arising from this Proposal are considerable and will have broad implications for reporting funds, advisers, their affiliates and their service providers. The Proposal is deserving of careful, thorough analysis and stakeholder dialogue, which was not afforded by the relatively brief comment period. For this reason, we and other trade associations jointly submitted an extension request with the Commissions on September 14, 2022.[8] To date, no response has been given.

While we have provided feedback on a number of areas of concern and identified potential alternative considerations where relevant, we and our members are continuing consider the complex implications of the Proposal's specific requirements. Although we are filing this letter in order to meet the current comment period deadline, we respectfully reserve the right to respond further on these and/or additional points if our members agree that we should do so.

We would be happy to elaborate further on any of the points raised in this letter or on additional concerns not summarized here. For further information please contact Jennifer Wood, Managing Director, Global Head of Asset Management Regulation & Sound Practices at jwood@aima.org.

Yours sincerely,



Jiří Król
Deputy CEO, Global Head of Government Affairs, AIMA
Global Head of the ACC

[8] *See* https://www.sec.gov/comments/s7-22-22/s72222-20142861-308745.pdf.

Cc: Securities and Exchange Commission
The Honorable Gary Gensler, Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
The Honorable Mark T. Uyeda, Commissioner
The Honorable Jaime Lizárraga, Commissioner
Mr. William Birdthistle, Director of the Division of Investment Management
Mr. Dan Berkovitz, General Counsel

Commodity Futures Trading Commission
The Honorable Rostin Behnam, Chair
The Honorable Kristin N. Johnson, Commissioner
The Honorable Christy Goldsmith Romero, Commissioner
The Honorable Summer K. Mersinger, Commissioner
The Honorable Caroline D. Pham, Commissioner

ANNEX

The general comments below are followed by comments arranged in the order of the relevant portions of the Form PF rather than in their relative order of materiality. AIMA's most pressing concerns are identified in the cover letter that accompanies this Annex.

General comments

Scope of changes

This Proposal is not a targeted adjustment of a few questions on Form PF. Given the changes to the general instructions, the rearrangement of questions into Part 1 and the changes to the definitions, the changes must be considered as tantamount to a full rewrite of the Form PF from a compliance point of view. The systems built to assist with the reporting burden of the current Form PF will need to be broken down and rebuilt from the start in order to properly integrate the new requirements. From a cost and effort perspective, this should be estimated as being tantamount to the original build cost which itself far exceeded the amounts originally estimated by the Commissions.

Effective and transition dates

The costs and burdens associated with rebuilding Form PF reporting systems will be intensified by the need to also build in any changes associated with the SEC's January proposal.[9] Although the burden of creating appropriate systems for each set of proposals will exist regardless of the timing of the release of these rule sets, the burden and expense of compliance will be substantially increased to the extent that the compliance/transition periods for these rule sets diverge. We urge the Commissions to delay the release of either set of requirements on Form PF until both sets of requirements are ready for release so they may have concurrent and overlapping compliance and transition periods.

The Proposal does not give any indication of the intended transition periods either generally or in relation to the expected change from fiscal year end periods to calendar year end periods. On the later, see our comment to Instruction 9 below. On the former, we urge the Commissions to give filers and their service providers sufficient time to build and test the necessary data collection and reporting systems. In that time, the SEC staff (and to a lesser extent the CFTC) will also need to adjust its own systems to be able to receive and parse the new data and to test those changes prior to the first receipt of new data. We suggest a 24-month transition period to give filers and the staff of the Commissions time for appropriate testing and systems verification.

Non-traditional data and the use of third-party service providers to assist on filings

Currently many filers, especially smaller and mid-sized advisers, rely on third-party service providers, such as fund administrators and reporting specialists, to assist with collecting and collating the necessary data into Form PF and with making the actual filings. There is substantial concern that the look through requirements and the requirements that rely on data parsed or

[9] January SEC Release, *supra* note 4.

netted by reference to individual legal agreements could limit the ability of service providers to assist in the reporting process due to confidentiality, data protection and/or data security concerns as information will have to come from multiple sources outside many such service providers' usual work flow. In the event that the ability of service providers to assist is curtailed or foreclosed by the new requirements, the compliance burden and costs for those filers who have historically relied on such service providers will be exponentially magnified because they will individually face the costs of a full technology build with limited internal staff resources rather than a pro rata shared portion of the cost associated with the service provider's technology build. We ask the Commissions to consider these potential disproportionate burdens for existing small and mid-sized advisers and the corresponding barriers to new entrants when finalizing the proposed rules, especially in relation to the requirements of proposed Questions 26-29 and 39-44.

The Proposed Requirements to Disaggregate Fund Information

The Proposal's requirements to disaggregate fund reporting are overly burdensome and will provide the Commissions with information that will be difficult to interpret, particularly for large hedge fund advisers that have developed fund structures that meet the needs of their businesses, rather than for ease of regulatory reporting. Under the Proposal, any adviser that uses a structure where feeders invest in two or more master funds (what the Proposal refers to as "fund of funds") would be required to file a Form PF for each master fund and each feeder fund. We see no reason why advisers should be required to report feeder-level information in a fund of fund structure any differently than they report a one-to-one master-feeder structure, nor do we recognize any purported value this information will provide the Commissions. Instead, we would propose the Commissions treat these funds the same as "disregarded feeder funds," and simply require reporting master funds to identify any feeders. As discussed in more detail below, the Commissions should allow reporting funds to report information regarding wholly owned entities, including trading vehicles, on a consolidated basis. This will provide the Commissions with a clearer and more accurate depiction of a fund's characteristics and exposures.

Proposed Requirement to "Look Through" Certain Investments

A number of the proposed questions relying on Instructions 6-8 would require reporting funds to "look through" their investments to determine securities and other assets to which a fund has exposure. However, looking through to positions held indirectly through other entities for the purposes of determining exposure to investments, currency, countries or industries creates an inaccurate picture of true exposure and is likely to produce false signals of risk because these arm's length exposures would be weighed along with the reporting fund's direct holdings,

The parameters for exposure evaluation require far more precision than the Proposal would offer. For example, variables in f/x conversion such as date, time and source can skew outcomes considerably. Likewise, the overly broad selection of industry codes in the current Form PF is an extensive combination of various NAICS sublevels; broader level industries would be preferred and result in more uniform output among reporting advisers.

The look through into specific instruments is equally troubling. A single ETF can independently own thousands of securities or investments that, under the Proposal, would be required to be captured in an adviser's reporting system. This may not be possible to acquire or verify, risking the

quality of the data used to assess the adviser's risk. Contrary to statements made in the Proposal,[10] we see no evidence that ETFs are being used to obtain exposure to underlying assets to a degree that would pose systemic risk. Requiring a look through to this degree poses an extraordinary burden with little in the way of useful risk information for the Commissions.

Finally, the look through to net and gross position reporting are problematic. Where investments are made into other funds or entities not advised by the filer or its related persons, this information may not be available to the filer. Specifically, timing of reporting from the underlying entity may not match the reporting obligations of the filer. Meanwhile, some underlying entities may not be reporting funds themselves. The Proposal does not address these legitimate timing or availability scenarios, which could result in unintended noncompliance.

Comments on the proposed Instructions

Instruction 5: Aggregation requirements for thresholds

In the Proposal, the following new language has been added: "*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*." (emphasis added). However, the bullet just above this new language states: "*Any dependent parallel managed account must be aggregated with the* ***largest private fund*** *to which that dependent parallel managed account relates."* (emphasis added).

The use of "funds" plural in the new language creates a question of whether the intention in the new text is for the dependent parallel managed account to be aggregated with *all* of the private funds to which that dependent managed account relates rather than just the largest one. Using the singular "fund" and including a cross reference to the earlier bullet would provide a necessary clarification. The new language should read "*Where you are aggregating dependent parallel managed accounts to determine whether you meet a reporting threshold* ***as required by the bullet above****, assets held in the accounts should be treated as assets of the private* ~~*funds*~~ ***fund*** *with which they are aggregated*."

Instruction 6: Aggregation methodology

Disregarded feeders

Proposed Instruction 6 defines a "disregarded feeder" as a "*feeder fund that invests all of its assets in (i) a single master fund, and/or (ii)* ***cash and cash equivalents***." (emphasis added). However, the proposed revised definition of "cash and cash equivalents" would exclude "government securities", which are defined in the current form as "*(i) U.S. treasury securities; (ii) agency securities; and (iii) any certificate of deposit for any of the foregoing.*"

[10] Proposing Release, *supra* note 3, at fn. 156 ("…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-asset class exposure is held through an ETF would enhance FSOC's analysis of systemic risk associated with this asset class.")

Because most banks will not permit private funds to maintain bank accounts (and other similar bank instruments) for holding cash balances due to their own bank capital requirements and feeder funds need to have funds available on a regular basis to address ongoing operational expenses, many feeder funds have resorted to maintaining the necessary balances in highly liquid government securities, which would no longer count as "cash and cash equivalents." As a result, there will be far fewer "disregarded feeders" than there would otherwise have been under the current definition of "cash and cash equivalents," or there will be substantially more pressure on money market funds as they would become the sole viable option to remaining a "disregarded feeder." Neither is a good outcome and there appears no sufficient justification for changing the status quo.

We believe the definition of "disregarded feeder" as set out in proposed Instruction 6 should be revised to read: "*feeder fund* that invests ~~*all*~~ ***at least 80%*** of its assets in (i) a single *master fund*, ~~and/or~~ *(ii) cash and cash equivalents*, **and/or (iii) *government securities***." This would allow a feeder fund to have a de minimis amount for direct investment which would be particularly helpful where derivatives or other instruments are held for currency class hedging or other reasons.

The Proposing Release suggests that the Commissions may have a concern about some filers including government securities with longer maturities, while others do not, which results in inconsistent reporting,[11] in which case the proposed fix could be to include at least government securities with a maturity of 397 days or less in the definition of disregarded feeder instead.

Perhaps the cleanest alternative solution, and one which would fix problems arising other places where "cash and cash equivalents" have been used in the Form PF, would be to add back at least government securities with a maturity of 397 days or less in the definition of "cash and cash equivalents".

If that alternative is not acceptable, that definition should be revised to read: "*feeder fund* that invests all of its assets in (i) a single *master fund*, ~~and/or~~ *(ii) cash and cash equivalents*, **and/or (iii) *government securities***."

Cross reference to Question 7(b)

In the Proposal, Instruction 6 contains a bullet which states: "*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.*"

The current Form PF, on the other hand, states in Instruction 5 that "*You* ***should not 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.*" (emphasis added).

The proposed Instruction 6 does not make sense and seems backwards. Why would an adviser exclude reporting about funds advised by related persons included in the adviser's filing but include reporting about funds advised by related persons seemingly filing separately? We suspect that the "not" may have been left out by accident and the new bullet should read: "***Do not report***

[11] *See* Proposing Release, *supra* note 3, at page 53843.

~~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."

Instruction 7: Investments in other private funds (funds of funds)

Discretionary look throughs

The first paragraph of proposed Instruction 7 states, in relevant part, that:

> "*you **may include or exclude** a private fund's investments in other private funds (including internal private funds and external private funds) in determining whether you meet thresholds for filing as a large hedge fund adviser, large liquidity fund adviser, or large private equity adviser and whether a reporting fund is a qualifying hedge fund.*" (emphasis added)

We question whether unfettered discretion ought to be allowed in this context. The application of discretion by filers could result in distortions in the data available for assessing systemic risk and would lead to less than meaningful comparative data.

We believe that investments in any other funds also reported on that filer's Form PF should be excluded to avoid double counting and any determinations of whether the adviser meet thresholds for filing as a large hedge fund adviser, large liquidity fund adviser, or large private equity adviser and whether a reporting fund is a qualifying hedge fund should not be made on the basis of any data counted twice.

Funds that invest substantially all of their assets in other private funds

The second paragraph of Instruction 7 says that:

> "*If you advise a private fund that (i) invests substantially all 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.*"

As stated above, we see no reason advisers should be required to report feeder-level information in a fund of fund structure any differently than they report a one-to-one master-feeder structure, nor do we recognize any purported value this information will provide the Commissions. Instead, we would propose the Commissions treat these funds the same as "disregarded feeder funds," and simply require reporting master funds to identify feeders, rather than requiring the feeder to file a separate Form PF.

Additionally, we believe that there are circumstances in which an adviser would seek to invest a small portion of a fund of fund's assets directly (e.g., for tax reasons or to accommodate an investor's investment preferences). Under the current Proposal, *any* direct investment would cause a feeder to lose its status as a "fund of funds" under Instruction 7, meaning the adviser would be required to collate and report significantly more information about the feeder. Moreover, assuming that substantially all of the feeder's assets are in the equity of private funds,

this information would already be reported at the master-level. Thus, we would encourage the Commission to revise Instruction 7 as follows:

> "*If you advise a private fund that ~~(i)~~ invests ~~substantially all~~* ***at least 80%*** *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.*"

Finally, Instruction 7 clearly indicates that advisers are only required to complete Section 1b for funds that qualify as fund of funds. However, the introductory text of Section 1c states that "You must complete a separate Section 1c for each *hedge fund* that you advise, except as provided by Instruction 6." The Commissions should clarify that you "must complete a separate Section 1c for each *hedge fund* that you advise, except as provide Instruction 6 ***or Instruction 7***."

Trading vehicles

The Commissions should allow reporting funds to report information regarding wholly owned entities, including trading vehicles, on a consolidated basis. This will provide the Commissions with a clearer and more accurate depiction of a fund's characteristics and exposures. To the extent the Commissions are interested information regarding a reporting fund's vehicles (such as their LEIs), the Commissions should request that information in the report by the reporting fund rather than requiring separate reports by the trading vehicles that will be of extremely limited value and will be costly to produce.

In proposed Instruction 7, with respect to trading vehicles, the filing adviser is instructed as follows:

> "*If the reporting fund holds assets, incurs leverage, or conducts trading or other activities through a trading vehicle, and the reporting fund is the only equity owner of the trading vehicle, you may either (i) 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, or (ii) report the trading vehicle as a separate reporting fund*." (emphasis added)

This should be a cross reference to Question 9 on trading vehicles instead of a cross reference to Question 7(b) regarding internal private funds that invest in the reporting fund.

Required investment look throughs

The fifth full paragraph of proposed Instruction 7 tells filers:

> "*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.*" (emphasis added)

The provision goes on to specifically identify a few provisions where look through should not be applied and six questions where look through must be applied. Many of the revised definitions contain an instruction like this one from the "U.S. treasury securities" definition: "*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).*" In addition to the general comments we had about investment look throughs discussed above, these definitional look throughs cause confusion. Instruction 7 does not specify a look through and neither does the question at issue (so reading Instruction 7 alone one would conclude that look through was not required), but the question asks for an information breakdown based on categories using defined terms which themselves carry a contradictory requirement to look through regardless of Instruction 7.

Case in point here is the question regarding turnover – proposed Question 34. Proposed Question 34 is not mentioned in Instruction 7 as one of the Questions where the adviser is specifically directed to look through and the text of Question 34 does not itself require a look through so, under Instruction 7, Question 34 would not require a look through. However, look through information appears to nevertheless be required in the following categories where the definition has been amended to suggest a look through: agency securities, convertible bonds, corporate bonds, GSE bonds, listed equity, listed equity derivatives, and U.S. treasury bills and notes (which are part of U.S. treasury securities).

We believe that separate look through requirements should not be included in the defined terms. Any required look through of investments should be identified on a question-by-question basis rather than in a defined term.

Instruction 8: Other look through

With respect to proposed Instruction 8, we reiterate the comments made with respect to the required investment look throughs in proposed Instruction 7. We also question the inconsistency between Instructions 7 and 8 in relation to the treatment of funds not offered in the United States. Proposed Instruction 7 states:

> "*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.*"

If a fund is treated as a private fund for purposes of Instruction 7, it is unclear why that same fund would have to be treated in the exact opposite way as a result of proposed Instruction 8. We believe that if the fund is treated as a private fund for purposes of Instruction 8, then Instruction 8 should not apply at all, and proposed Instruction 8 should be amended to make that clear.

Redrafting of service contracts (e.g., ISDA, Prime Brokerage) may be required to align with new entity characterizations, which should be considered in the cost benefit assessment as such renegotiations are expensive.

Instruction 9: Update requirements

For filers that currently file based on fiscal years ending in months other than March, June September or December, there is no information in the Proposing Release about how the Commissions envision the transition to work. To avoid filers having to make two filings in a quarter, we believe that quarterly filers in this situation should be required to file their first calendar quarter-end filing for the first full quarterly reporting period ended after the compliance date, and quarterly reports for fiscal quarters ending on or after the compliance date should not be required.

Assuming a compliance date of February 28, 2025, a quarterly filer with an August fiscal year end would file its last fiscal quarterly filing for the period ending January 31, 2025 but would not be required to file again until the reporting deadline for the calendar quarter ending June 30, 2025.

Instruction 15: Methodologies to be used

Foreign exchange rates

According to proposed Instruction 15, "*if a question requests a monetary value, [filers are to] 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.*" In addition, "*if a question requests a monetary value for transactional data that covers a reporting period, [filers are to] 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.*"

Because these requirements do not specify a consistent time of day or specific method for determining an applicable foreign exchange rate, exchange rates will inevitably vary among filers leading to avoidable inconsistencies, especially with respect to days with high currency exchange rate volatility. We suggest that the Commissions consider providing some guidelines for choosing the applicable exchange rate to minimize these risks.

For the transactional data currency conversions, it is not clear whether these conversions are meant to happen concurrent with each transaction or at some set point in the day selected by the filer. The results will vary depending on when the currency conversions are done, especially where there is currency rate volatility. We would prefer a single daily conversion rate to having to convert each transaction to U.S. dollars in real time.

Section 1a

Question 6(c)-(d): UCITS

While the proposed definition of a UCITS is acceptable, two things are not clear.

First, we question the relevancy of this information. As a UCITS can only be established as an entity in the UK or in the EEA, it can only be sold to U.S. investors as a private fund. Where this has been done, these funds will appear on Form PF. The Proposing Release explains that these:

"proposed amendments are designed to allow the Commissions and FSOC to filter data for more targeted analysis to better understand the potential exposure to beneficial owners outside the United States and to avoid double counting when Form PF data is aggregated with other data sets that include UCITS, AIFs, and money market funds that are marketed outside the United States."

Question 6(c) does not enhance the Commissions' knowledge about exposures to non-U.S. beneficial owners that is not already included in proposed Question 22.

As of today, there is no systemic risk reporting regime applicable to UCITS, so there is no comparable reporting regime to Form PF where the Commissions would need to be able to identify the UCITS to avoid double counting. Even if/when there is a systemic risk reporting regime applicable to UCITS, it is unlikely to require data directly comparable to Form PF.

Second, the Proposing Release does not offer any method by which one would determine in which countries the UCITS operates. Furthermore, no explanation is provided what it means to "operate as a UCITS" in this context. UCITS are always established in a single EEA country or in the UK. They are not "operating" companies in the traditional sense. They are funds. The Commissions presumably already know where the reporting fund and its adviser have each been established so there is no need to seek that information again here, if "operating as a UCITS" even applies to the jurisdiction where the UCITS management company was established (or to where the sub-adviser was established, as applicable).

A UCITS may be marketed (as "marketing" is 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, as applicable) in other countries, including the United States, but knowing where else besides the United States the UCITS has been marketed will not provide a true breakdown of where the non-U.S. investors in the UCITS could be located due to reverse solicitation, post-purchase relocations without further marketing at the initiative of the UCITS management company, etc.

While it would be an improvement to ask where the UCITS is "marketed" over where it "operates", such a question must be based on the concept of "marketing" 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, as applicable. References to "marketing" in the sense of SEC Rule 206(4)-1, "offers" or "sales" will lead to immediate confusion and will immediately remove any comparability with European data sets.

Questions 6(e)-(f)

Under the proposed definition of "AIF", 100% of the reporting funds that are not UCITS would have to answer "yes" to proposed Question 6(e).

Both the Directive of the European Parliament and of the Council on alternative investment fund managers (No. 2011/61/EU), as amended ("AIFMD"), and the Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019, as amended ("UK AIMFR"), define "AIFs" as:

> *"collective investment undertakings, including investment compartments thereof, which:*
>
> *(i) raise capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and*
>
> *(ii) do not require authorisation pursuant to [the UCITS Directive]".*

This is similar to the language of the Proposal's definition but, either way, there is a flaw – the definitions do not make jurisdictional distinctions, so every private fund in the world that is not a UCITS is an AIF under the proposed definition and under the principal definition of "AIF" under the AIFMD and the UK AIFMR.

Presumably, what the Proposal is attempting to capture here is the reporting funds with respect to which their alternative investment fund managers have obligations arising from the AIFMD or the UK AIFMR (i.e., those subject to the similar systemic risk reporting obligations.

A better definition of "AIF", which narrows it down to just those that are actually subject to the relevant rule sets and not every non-UCITS fund in the world, would be:

> "An 'alternative investment fund' that ***(i)*** is not regulated ***as a UCITS and is "managed" and/or "marketed" in the European Union*** ~~under the UCITS Directive~~, as ***such terms are defined and interpreted*** ~~defined~~ in the Directive of the European Parliament and of the Council on alternative investment fund managers (No. 2011/61/EU), as amended, or ***(ii) is not regulated as a UCITS and is "managed" and/or "marketed" in the United Kingdom, as such terms are defined and interpreted in*** ~~an alternative investment fund that is captured by~~ the Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019, as amended."

However, it is not clear why any information about whether the reporting fund is an AIF is relevant. As was noted above, the Proposing Release explains that these:

> *"proposed amendments are designed to allow the Commissions and FSOC to filter data for more targeted analysis to better understand the potential exposure to beneficial owners outside the United States and to avoid double counting when Form PF data is aggregated with other data sets that include UCITS, AIFs, and money market funds that are marketed outside the United States."*

Question 6(e) does not enhance the Commissions' knowledge about exposures to non-U.S. beneficial owners that is not already picked up in proposed Question 22, and it would fail to do so even if the scope of the definition of "AIF" was sensibly narrowed.

Even though AIFs that are managed or marketed in the EEA and/or UK are subject to a systemic risk reporting regime, the current reporting form used in the EEA and the UK (the so-called "Annex IV reporting template") is not directly comparable in all respects currently and will only become more divergent as the Commissions amend Form PF and regulators in the EEA and UK further amend the Annex IV reporting template.

As stated above, the Proposing Release does not offer any method by which one would determine in which countries the AIF operates for purposes of proposed Question 6(f). It is unclear what it means to "operate as an AIF" in this context because no explanation is provided. AIFs are investment funds; they are not "operating" companies in the traditional sense. The Commissions already know where the reporting fund and its adviser have each been established so, as noted above, there is no need to seek that information again here, if "operating as an AIF" even applies to the jurisdiction where the alternative investment fund manager or "AIFM" (the AIFM being the entity that "manages" the AIF under the AIFMD or the UK AIFMR, as applicable) was established (or to where the sub-adviser was established, as relevant).

An AIF may be marketed (as "marketing" is defined in the AIFMD or the UK AIFMR, as applicable) in countries other than the AIFM's home Member State, including the United States, but knowing where else besides the United States the AIF has been marketed will not provide a true breakdown of where the non-U.S. investors in the AIF could be located due to reverse solicitation, post-purchase relocations without further marketing at the initiative of the AIFM, etc.

While it would be an improvement to ask where the AIF is "marketed" over where it "operates", such a question must be based on the concept of "marketing" as defined in the AIFMD and the UK AIFMR, as applicable. References to "marketing" in the sense of SEC Rule 206(4)-1, "offers" or "sales" will lead to immediate confusion and will immediately remove any comparability with European data sets.

Questions 6(g)-(h): Marketing as a money market fund

Proposed Question 6(g) asks if the reporting fund markets itself as a "money market fund" (as defined in the Form PF Glossary) outside the United States and then Question 6(h) follows up by asking in which countries it does this. This question set is difficult for several reasons.

According to the Glossary, the term "money market fund" as "*has the meaning provided in rule 2a-7*". SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, does not explicitly define what a money market fund is, rather it sets out what the conditions are for a registered investment company to call itself a "money market fund". In the context of private funds, the definition is murkier and presumably private funds calling themselves money market funds or saying that they meet the conditions of Rule 2a-7 but for the registration could be classed "money market funds" for this purpose. For private funds established in the U.S. this is probably fine and however you name or describe your funds would be by reference to these U.S. requirements when talking about the fund inside or outside the United States.

This is potentially trickier for liquidity funds established outside the United States. In the EU and UK, money market funds are subject to Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (the "MMF Regulation") (or the UK post-Brexit equivalent), which governs any—

> *"collective investment undertakings that:*
>
> *(a) require authorisation as UCITS or are authorised as UCITS under Directive 2009/65/EC or are AIFs under Directive 2011/61/EU;*

(b) invest in short-term assets; and

(c) have distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment."[12]

Since these types of funds would not describe themselves by reference to SEC Rule 2a-7, we would like confirmation that reporting funds that are subject to the MMF Regulation (or their home jurisdiction's equivalent money market fund regime) but which do not describe themselves as conforming to SEC Rule 2a-7 should answer "no" to proposed Question 6(g)**.**

Another issue raised by proposed Question 6(g) is what does it mean for a fund to "market itself outside the United States"? Form PF does not define "marketing" and the instructions do not elaborate. Referencing SEC Rule 206(4)-1 or the concepts of "offers" or "sales" under the Securities Act of 1933 will be confusing for this purpose[13] since it seems like the real gist of this question might be in fact "does the fund call itself a money market fund [not the glossary term] (or a non-U.S. equivalent) to prospective investors outside the United States"? In these non-U.S. countries, the conditions under which a fund is marketing itself (or the fund is being marketed by a manager or management company under the law rather than marketing itself) may be specifically defined and in a manner different from any U.S. concept (see discussions regarding UCITS and AIFs above). Without identifying the basis on which one should decide whether the fund is "marketing itself", it is not possible to identify the countries where the fund is doing that or if it is doing it at all outside the United States. Moreover, in the UK and EU, the answer may technically always be "no" to the question posed for AIFs, since it is the AIFM that markets an AIF under the AIFMD or UK AIFMR.

We believe (i) these two questions should be omitted, (ii) the wording of these two questions should be substantially revised and definitions added, or (iii) substantial instructions should be included.

Question 8(a): Reporting on the components of a parallel funds structure

In the second paragraph of proposed Question 8(a), there is a reference to proposed Question 7(a), which should instead be a reference to proposed Question 8(a).

Question 9: Identification of trading vehicles

New Question 9 does not ask a threshold question about whether the reporting fund uses a trading vehicle. Presumably, this would mean that if it does not, the question would need to be left blank, and it would need to be made clear in the electronic system that a null response to this question will not automatically throw up a flag. The alternative would be to include a threshold question as has been done for other new questions of this type.

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12 Article 1, paragraph 2 of the MMF Regulation.

13 This would be confusing even if the question referenced a fund "marketing itself" in the United States instead.

Question 10(b): Frequency of permitted withdrawals/redemptions

Private funds often offer shares in multiple classes with differing redemption rights. Question 10(b) needs an instruction about how filers should decide which share class they should use to answer the question. Should it be the class with the most frequent redemption rights? Least frequent redemption rights? Highest attributable AUM? A weighted average? Check all that apply to any class?

Question 15(a): Value of reporting fund's investments in equity of external private funds

Without a carve out for master funds like the one that appears in proposed Question 15(c), there may be substantial overlap between the response for Question 15(a) and the response for Question 15(b). We suggest adding a carve out like the one in Question 15(c) to Question 15(a) so master funds that are external private funds are not counted twice.

Questions 23(a) and 23(b): Fund performance reporting

Proposed question 23(a) and 23(b) may be mutually exclusive for some reporting funds, with funds that report gross and net performance perhaps not reporting internal rates of return and vice versa. We would hope that when the Form PF is translated into its online version to make it ready to go live, the fields in response to Questions 23(a) and 23(b) are permitted to be left blank, perhaps with an electronic check that the responses to the opposite question have been completed if verification is necessary.

Section 1b

Question 23(c): Consequences of calculating a market value on a daily basis for any position

The new reporting requirements applicable to advisers that calculate market value on a daily basis are onerous and provide the Commissions with unhelpful information focused on market variability with little nexus, if any, to purported systemic risks.[14] Valuing private fund assets on a daily basis is costly, complex and often a speculative process, particularly for illiquid positions. The information will also be stale by the time it is reported. To the extent the Commissions seek more timely information regarding the impact of certain market events on private funds, the Commissions should leverage the current reporting framework proposed in January or request information directly.

We also are concerned about the requirement to submit internal daily return estimates on Form PF. These estimates are prone to fluctuation and are unlikely to provide an accurate snapshot of fund/investment returns. They also are subject to the rounding requirements and transactional

[14] The various parts of proposed Question 23(c) are all triggered if the adviser decides to "calculate a market value on a daily basis for any position in the reporting fund's portfolio", and the proposing relief does not provide any differentiation between reasons why an adviser might decide to do that. To the extent the Commissions move forward with this requirement, making such calculations daily for internal risk management purposes should not trigger this type of reporting requirement.

data f/x requirements set out in the General Instructions – which, as already noted, poses unique complications to accuracy.

Section 1c

Question 25: Strategies, % of NAV and % of capital

Equity, Long/Short

The option to choose the category "Equity, Long/Short" appears to have been inadvertently deleted and should be added back as a strategy option. For many long/short equity funds, neither Equity Long Bias nor Equity Short Bias would be a true representation of the overall fund strategy. Having to break a long/short equity portfolio into a long portfolio and a short portfolio for purposes of Questions 25 and 49 substantially increases the work and would lead to confusing, artificial and unrepresentative reporting.

Timing of information reported

We do not believe advisers should be required to report information about the reporting fund's strategies on the last day of the reporting period, as proposed, because it would be inconsistent with the proposed definition for computing NAV in the January SEC Release. There, the SEC proposed to define a fund's "most recent net asset value" as "as of the data reporting date at the end of the reporting fund's most recent reporting period."[15] We believe that the same scope should apply here as it pertains to the reporting of fund strategies, i.e., advisers should report information about the reporting fund's strategies as of the data reporting date at the end of the reporting fund's most recent reporting period. This will provide advisers with a consistent timeframe from which to gather and determine the relevant data. Separately, some private credit strategies may not be represented by the revised categories contemplated to be included in proposed Question 25. Filers will then be required to select "other" and provide a description of the strategy in response to Question 4. This may result in inconsistent descriptions of similar strategies not included in Question 25. Therefore, we would encourage the Commissions to not limit the list of potential strategies as they pertain to private credit. Moreover, care should be taken to make the list in proposed Question 25 as consistent as possible with the list in the question number 68 in the proposed amended Form PF associated with the January SEC Release, which also includes a number of categories designed for private credit funds that report as private equity funds rather than as hedge funds under the definitions.

Questions 26-29 and 41-44: Counterparty and creditor exposures

We are not offering any specific comments on these questions at this time but reserve the ability to do so following further consideration.

[15] January SEC Release, *supra* note 4, at page 9110.

Question 30: Value of positions not captured by Question 29

As in Form PF historically, the term "securities" is still not defined. It is not clear whether this term is intended to include bank debts/leveraged loans, rights and/or money market funds. Current filer practice differs on these inclusions, and it will continue to differ if the term is not better defined, affecting the value of the data collected in response to proposed Questions 30(a) and (b).

Section 2

Questions 32-36: Exposures

As noted above, we believe the proposed requirements to report currency, turnover, country and industry exposure are overly granular and will provide limited value. On a look through basis by investment, advisers are unlikely to be able to reliably determine this with any degree of accuracy. While certain of this exposure information for listed companies and ETFs may be available for purchase, an adviser would not have the ability to independently verify it, and the cost burden could be prohibitive for all but the largest advisers. In addition, currency exposure information poses unique complications with potential variations in timing or f/x rate sources, leading to further inaccuracies. As a result, we believe that this data has the potential to produce false signals of risk. For these reasons, no look through should be applied with respect to these questions.

Questions 39 and 40: Exposure to reference assets

The requirement to report exposures to reference assets is impractical or, in some cases, impossible to calculate. Without access to the governing legal agreements for the various asset held by an entity the reporting fund must look through, it will be extremely difficult to respond to Questions 39 and 40 as required by Instructions 7 and 8. Where access to this material is granted (and access rights are not a foregone conclusion), they are likely to be accompanied by a non-disclosure agreement, which may limit the adviser's ability to share such information with any service providers engaged to assist with the relevant for Form PF filings (see the discussion above in this regard).As a point of detail, in proposed Question 40 in the first paragraph, "listed equity security" is italicized, but this is not a defined term; the word "security" should not be italicized and probably should be deleted.

Question 47: Stress testing factors

The Proposal would require all filers to report on stress testing results with respect to all of the market factors listed 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. We note that the Commissions expressly rejected requiring funds to respond to all market factors in the 2011 adopting release.[16] In doing so, the Commissions acknowledged

[16] SEC Adopting Release, Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 FR 71128, 71150 ((Nov. 16, 2011).

commenter concerns regarding the potential burdens of requiring funds to engage in stress tests that are irrelevant or immaterial to specific funds. We emphatically reiterate these concerns.[17]

Question 48: Correlation

Question 48 seeks a variety of correlation related data over a 3-month period. Most reporting funds' portfolios are likely to change throughout any given 3-month period. Question 48 would benefit from a clarification that market movement for positions held at the end of the reporting period should be used when calculating correlation rather than the positions held a t various time during the 3-months but not at the end of the 3 months.

The Proposal also talks about reporting pair-wise correlation. We believe a clarification is needed on what output should be reported on the form. Reporting correlation for each pair [NxN matrix] would be impractical for large portfolios. In addition, pairwise reporting exposes position names.

Aside from these clarifications, we believe calculating correlation, especially with respect to shocks to correlation (like reducing/increasing correlation by 20%), will impose significant operational burden and consume disproportional amount of effort when completing Form-PF. Moreover, correlation is not a commonly calculated analytic for risk reporting by private funds.

Moreover, the results are not easy to interpret. For example, correlation can be calculated for an equity portfolio since prices of equities drive market value of positions (and NAV) 1-for-1. However, for a common hedge fund strategies such as global macro, the portfolio the drivers of profit and loss are interest rates, credit, f/x and a variety of OTC derivatives that are used to express views. As a result of these multiple drivers, correlation is not as straightforward to calculate and interpret as it is for a straight equity portfolio. Since many private fund strategies have multiple drivers, this calculation will be very burdensome and largely meaningless.

Our suggestion is to make this question optional – i.e., reported if correlation is a risk analytic reported to investors by the adviser of the reporting fund.

Question 49: Performance reporting for multiple investment strategies

The Proposal does not currently provide advisers with adequate information to complete proposed Question 49. First, there is no instruction about what a filer should report on Question 49 if it only selected one strategy in response to proposed Question 25. One is led to assume that it would be left blank, but we request this be clarified and, if it is to be left blank, that the online version accounts for this.

Second, a filer might not separately calculate and report performance results to current and prospective investors, counterparties or otherwise representing one or more of the strategies identified in response to proposed Question 25. The filer could, for example, combine the performance of a fund's individual strategies and report the fund's performance in the aggregate.

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[17] *Id*.

Third, the new category in proposed Question 25 for "cash and cash equivalents (not otherwise allocated to another strategy)" is unclear and its inclusion should be reconsidered, as well as the corresponding disclosure requirement in Question 49. Today funds generally maintain a balance of cash and cash equivalents (as well as government securities which have been removed from the definition of cash and cash equivalents – see comments in this regard at the section for Instruction 6) to manage redemptions and as part of a broader investment strategy to have sufficient liquidity to allocate to new investment opportunities. Requiring filers to report the performance attributable to these cash and cash equivalent holdings as if they were a separate strategy would be unnecessary and meaningless, extra disclosure. We believe the Commissions should provide further instructions to clarify that the response to Question 49 may be left blank, and they should reconsider the proposed new cash and cash equivalents strategy or at least clarify that holdings of cash and cash equivalents in normal course to meet ordinary operating needs should not be considered to constitute a separate strategy for this purpose.

Question 50(b): Borrowings

It would be helpful if the instructions to proposed Question 50(b) covered how advisers should report cross collateralization agreements.

Question 52: Suspensions and gates

Question 52 is meaningless for closed-end funds (funds that do not offer withdrawal/redemption rights in the ordinary course (which used to be part of the old Question 49)). There should be an instruction here to the effect that, if the answer to Question 10(a) was "no", Question 52 should be left blank.

Issues affecting multiple questions

Two-prong tests potentially testing against different currencies

Questions 27, 28, 33, 36, 40, 42, 43, and 44 each contain a two-prong threshold test. One test is set at $1 billion and the other at 5% of the reporting fund's NAV. However, none of these questions indicate whether the 5% of NAV test should be done on the basis of NAV in the base currency of the reporting fund or NAV in U.S. dollars regardless of the base currency. These could yield different results. We request that the Commissions provide a clarification in this regard in the adopting release.

Look through in defined terms

See the discussion at the comment on Instruction 7.

Glossary and defined terms issues

In various places, including, for example, in Questions 32 and 34, terms are identified in italics suggesting they are defined in the glossary when they are not. Some of the terms are "swaps", "options", "U.S. treasury bills" and "U.S. treasury notes and bonds".

10-year bond equivalent

Since this definition specifies the expression in the base currency of the fund, for transactions not in the base currency, there would need to be an f/x conversion into the base currency. Then for many of the questions where instruments subject to the 10-year bond equivalent, there would need to be a further f/x conversion into U.S. dollars. We wonder whether these multiple currency conversions should be required as they may appear to highlight risks that are not there,

Cash and cash equivalents

This amendment removes the entire definition of "government securities". As a result of this change, a definition of "government securities" needs to be added to the Glossary as a separate line item as it is used as a defined term in some of the questions.

The total removal of government securities raises multiple issues with places where the defined term "cash and cash equivalents" has been used. The discussion in the comments at Instruction 6 explains the problem and offers some solutions. The most elegant of these, and our preferred solution, would be to add back, at least, government securities with a maturity of 397 days or less in the definition of "cash and cash equivalents".

Cash borrowing entries, cash lending entries, collateral posted entries and collateral received entries

These definitions each reference Questions 26 and 41. However, these defined terms are not used in Question 26 or in Question 41 so perhaps these cross references should be revised.

CITS

This appears to be a typo and should be "UCITS" and reordered accordingly.

Correlation derivatives

There a word missing between "the" and "between" in this definition.

Derivative (proposed to be deleted)

Although this definition is proposed to be deleted, it still shows as an italicized word in Question 32-34.

Digital assets

The definition of "digital asset" needs to be refined, as it overlaps with other categories of assets and is over broad. To the extent the Commissions intend to capture non-security digital assets like bitcoin, Ethereum and NFTs, they should do so through a more tailored definition. The proposed definition appears to include, for example, fund units or securities issued using distributed ledger technology ("DLT"). If that is the intention, how would a reporting fund deal with the required look throughs? Almost anything can be tokenised and bought/sold using DLT, making the proposed definition potentially meaningless over time.

Investments in non-U.S. registered investment companies

This defined term is never used except where it is defined in the Glossary. The term "non-U.S. registered investment companies" is not defined in the Glossary but is used multiple times throughout the proposed form, although it is inconsistently marked in italics denoting a defined term. In several other places, the term "non-U.S. investment companies" (as opposed to this defined term) is used again not in the Glossary and inconsistently italicized. The most correct and consistent term would be "non-U.S. investment company" since the word "registered" is meaningless in the context and is not otherwise addressed in the proposed definition.

Lending and posted collateral (L/PC)

In the first paragraph of this definition, "gross notional value" should be italicized as it is a defined term.

Listed equity

In the current version of the form, this definition previously required that synthetic or derivative exposure to equities should be excluded. The further instruction about classification of ETFs is proposed to be deleted leaving an open question about whether a reporting fund's holding of shares in an ETF should be included as well as all of the listed equity holdings of that same ETF (which if included would be a double counting).

Listed equity derivatives

The addition of "e.g.," after "includes" introduces an element of uncertainty into this definition that does not apply to the other definitional look throughs that state what has to be included and then include a parenthetical list of examples to elaborate. Here there is simply the open-ended list of examples.

LV

The corresponding definition "SV" was proposed to be deleted. This should be deleted as well.

Other loans

This defined term does not appear to be used in the Proposal and so should be removed.

U.S. treasury securities

U.S. Treasury bills and U.S. treasury notes and bonds are identified in proposed Questions 32 and 34 as defined terms but they are not in the glossary. Definitions for these terms should be added and any clarifications in relation to relevant maturities should also be included in the definitions. The defined term "U.S. treasury securities" is not used in either of those questions.