FACT SHEET

SEC/CFTC Amendments to Form PF

On Feb. 8, 2024, the Securities and Exchange Commission and the Commodity Futures Trading Commission (CFTC) jointly adopted amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds, to:

- Enhance reporting by large hedge fund advisers regarding qualifying hedge funds to provide better insight into the operations and strategies of these funds and their advisers and to improve data quality and comparability;
- Enhance reporting of hedge funds to provide greater insight into hedge funds' operations and strategies, to assist in identifying trends, and to improve data quality and comparability;
- Amend how advisers report complex structures to improve the ability of the Financial Stability Oversight Council (FSOC) to monitor and assess systemic risk and to provide greater visibility for both FSOC and the Commissions into these arrangements; and
- Remove aggregate reporting for large hedge fund advisers to lessen the burden on advisers and to focus Form PF reporting on more valuable information for systemic risk assessment purposes.

Why This Matters

Form PF provides the Commissions and FSOC with important, confidential information about the basic operations and strategies of private funds and their advisers and has helped to establish a baseline picture of the private fund industry for use in assessing systemic risk. The amendments to Form PF will enhance FSOC's ability to monitor and assess systemic risk and bolster the SEC's regulatory oversight of private fund advisers and investor protection efforts.

How These Amendments Apply

The amendments are designed 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.

Enhance Reporting by Large Hedge Fund Advisers on Qualifying Hedge Funds

The amendments will enhance large hedge fund adviser reporting on qualifying hedge funds (*i.e.*, those with a net asset value of at least $500 million) to provide better insight into the operations and strategies of these funds and their advisers and improve data quality and comparability. This includes insight as to how large hedge fund advisers report investment exposures, borrowing and counterparty exposure, market factor effects, currency exposure, turnover, country and industry exposure, central clearing counterparty reporting, risk metrics, investment performance by strategy, portfolio liquidity, and financing and investor liquidity.

Enhance Reporting on Basic Information About Advisers and the Private Funds They Advise

The amendments will require advisers to report additional information about themselves and their private funds to improve data quality and comparability, reduce reporting errors, and assist in identifying trends, including those that could create systemic risk. This includes reporting on 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.

Enhance Reporting Concerning Hedge Funds

The amendments will require more detailed reporting on Form PF about hedge fund 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.

Amend How Advisers Report Complex Structures

The amendments will generally require separate reporting for each component fund of a master-feeder arrangement and parallel fund structure to provide better insight into the risks and exposures of these arrangements. Additionally, the amendments will require advisers to identify trading vehicles used by reporting funds and to report them on an aggregated basis to provide greater visibility into trading vehicles for the Commissions and FSOC and enhance the Commissions' efforts to protect investors by identifying areas in need of outreach, examination, or investigation.

Remove Aggregate Reporting for Large Hedge Fund Advisers

Form PF currently requires large hedge fund advisers to report certain aggregated information about the hedge funds they advise. Such information can obscure the data about hedge funds, including by masking the directional exposures of individual funds. The amendments will remove the aggregate reporting requirement.

What's Next

The final amendments will become effective one year after publication in the Federal Register. The compliance date for the amendments is the same as the effective date.