



September 17, 2018

Via Electronic Submission:

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: A Streamlined Form PF: Reducing Regulatory Burdens

Dear Chairman Clayton:

Managed Funds Association¹ (“MFA”) is writing to provide the Securities and Exchange Commission (“SEC” or “Commission”) with recommendations for simplifying systemic risk reporting by advisers of privately offered investment funds. MFA supports the Commission’s role in overseeing systemic risk consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) which requires the Commission, the Commodity Futures Trading Commission (“CFTC”) and Department of Treasury to work together in developing a systemic risk report for private funds.² After more than five years of filings, we believe it is time for the Commission to review Form PF and consider how it could be streamlined to reduce the regulatory burden for filers, while still accomplishing its policy goals to provide useful information to the Commission and the Financial Stability Oversight Committee (“FSOC”).

I. EXECUTIVE SUMMARY

- 1. Reduce the reporting frequency and number of monthly data points**
- 2. Incorporate alphanumeric identifiers to mitigate potential cyber breaches**
- 3. Revise certain questions to better identify potential systemic risk**
- 4. Simplify or eliminate certain questions that are duplicative or overly complex**
- 5. Harmonize reporting with CFTC as originally intended**

This proposal is consistent with the President Trump Administration’s 2017 Regulatory Plan to

¹ Managed Funds Association (MFA) represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry’s contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, North and South America, and many other regions where MFA members are market participants.

² See Section 404 of the Dodd-Frank Act, Pub. L 111-203, 124 Stat. 1376 (2010), available at: <https://www.gpo.gov/fdsys/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf>.

reduce regulatory burdens,³ the Department of Treasury’s recommendation that the SEC, CFTC, and self-regulatory organizations work together to rationalize and harmonize asset management reporting regimes,⁴ and the Office of Financial Research’s initial findings with respect to reducing regulatory reporting burdens for financial institutions, including advisers of private funds.⁵ To facilitate the Commission’s review of Form PF, MFA formed a working group of members to review the form in detail. We are proposing specific changes outlined below and in the attached revised Form PF. We believe the revisions we are proposing would improve the accuracy and relevancy of the information that the Commission and FSOC review about the industry and individual managers and funds, and we have met with Commission staff several times to discuss our recommendations.

As you may recall, in a letter MFA submitted to you on May 18, 2017, MFA recommended that the Commission and the CFTC consolidate systemic risk reporting forms into a single form.⁶ We believe that reducing and streamlining the information in Forms PF and CPO-PQR would allow regulators to more effectively assess systemic risk across investment funds and commodity pools, and minimize the significant regulatory costs imposed on advisers and operators of private funds/pools. This letter does not explicitly address how the two filings should be consolidated, but we have endeavored to ensure in our recommendations that relevant futures and OTC derivatives information is retained in the Form PF so that it could be used by the CFTC in meeting their oversight obligations as well.

Below is a summary of our recommendations; we have attached a marked-up version of the Form PF incorporating our proposed changes in detail for the Commission to consider.

II. RECOMMENDATIONS

1. Reduce the reporting frequency and number of monthly data points

MFA recommends that the Commission require advisers to file an annual Form PF report and provide information at two data points—at the end of the second quarter and at the end of the fourth quarter. Currently, large hedge fund advisers⁷ must file a quarterly update after the end of each fiscal quarter, and the report must include information for each month end. Smaller managers are required to submit an annual Form PF report.

³ See The Regulatory Plan – OIRA Introduction to the Fall 2017 Regulatory Plan, Office of Information and Regulatory Affairs, available at: <https://www.reginfo.gov/public/jsp/eAgenda/StaticContent/201710/VPStatement.pdf>.

⁴ See A Financial System That Creates Economic Opportunities – Asset Management and Insurance, Department of the Treasury, October 2017, available at: https://www.treasury.gov/press-center/press-releases/Documents/A-Financial-System-That-Creates-Economic-Opportunities-Asset_Management-Insurance.pdf.

⁵ See Annual Report to Congress 2017, Office of Financial Research, available at: <https://www.financialresearch.gov/annual-reports/files/office-of-financial-research-annual-report-2017.pdf>.

⁶ See letter from Stuart J. Kaswell, Executive Vice President & Managing Director, General Counsel, MFA, to Jay Clayton, Chairman, SEC, dated May 18, 2017, on regulatory recommendations, available at: <https://www.managedfunds.org/wp-content/uploads/2017/05/MFA-Regulatory-Priorities-Letter-to-SEC-Chairman-Clayton.pdf>.

⁷ We note that the Commission has defined “large hedge fund adviser” to be an adviser and its related persons that collectively have at least \$1.5 billion in hedge fund regulatory assets under management as of the last day of any month in the fiscal quarter immediately preceding its most recently completed fiscal quarter. We think this is a relatively low threshold for systemic risk purposes.

While large hedge fund advisers have been able to automate many of their processes for collecting Form PF data, they still must spend significant time reviewing data and preparing responses. MFA and AIMA conducted a blind survey of their members and from the sample of firms that responded, the cost per subsequent quarterly filing for a large hedge fund adviser ranged from an average of \$52,445 to \$67,060.⁸ This is 35-72% greater than the cost the Commission projected in its adopting release of Form PF.⁹ Reducing the frequency of reports large hedge fund advisers must file and the number of monthly data points in each report would significantly reduce the costs and burdens associated with preparing Form PF.

We believe the Commission can readily achieve its policy goals of overseeing hedge fund managers with this revised reporting schedule. Having closely reviewed the SEC staff's periodic reports and analysis of private fund filings in Private Funds Statistics,¹⁰ it is clear that changes that are systemically relevant occur very gradually. Thus, we do not believe that the Commission needs to collect fund-level data for each month and quarter for purposes of monitoring managers and systemic risk.

We also think the Commission should increase the threshold for a "large hedge fund adviser" for purposes of Form PF from \$1.5 billion in hedge fund regulatory assets under management to \$2.5 billion in hedge fund regulatory assets under management. We do not believe managers with regulatory assets under management under \$2.5 billion pose the type of risk that merit the costs to the government or those managers of the frequent and detailed reporting required by Form PF.¹¹ Raising the large hedge fund adviser reporting threshold would decrease the burden on these small businesses and promote business formation and competition in the hedge fund industry.

During periods of market stress, the Commission has better sources for more current and accurate market information than Form PF, including transaction data from banks, dealers, central counterparty clearing houses, and exchanges. And once in place, the consolidated audit trail will provide more useful granular information for "post-event analysis" than Form PF reports. These sources will provide the Commission with more detailed, timely, consistent and rich data than months of old data spread across hundreds or even thousands of Form PF filings. In addition, the Commission has the ability to directly engage with registrants to seek additional information and market color if it has specific concerns about a firm or with firms that have previously reported being active in a particular market sector. We believe the Commission can effectively oversee private fund advisers and reduce the real economic costs to the industry associated with Form PF reporting.

2. Incorporate alphanumeric identifiers to mitigate potential cyber breaches

The Commission has prioritized protecting information it gathers from cybersecurity threats. To enhance protections for registrant data, we think the Commission should require the use of alphanumeric identifiers within Form PF to obscure the identity of the registrant and its funds to anyone who gains access

⁸ Our survey provided response choices for the number of burden hours in increments of 100 hours, and hourly cost in increments of \$50.

⁹ See 76 Fed. Reg. 71,128 (Nov. 16, 2011), available at: <https://www.gpo.gov/fdsys/pkg/FR-2011-11-16/pdf/2011-28549.pdf>.

¹⁰ See Private Funds Statistics, SEC Division of Investment Management Analytics Office, August 2, 2018, available at: <https://www.sec.gov/divisions/investment/private-funds-statistics.shtml>.

¹¹ In fact, we believe the size at which a fund may begin to be systemically risky is much higher. For example, despite a loss of more than \$5 billion, the collapse of the Amaranth Advisors hedge fund didn't have a big impact on the broader markets. See, e.g., Hedge Fund's Collapse Met with a Shrug, Washington Post, Sept. 20, 2006, available at: <http://www.washingtonpost.com/wp-dyn/content/article/2006/09/19/AR2006091901388.html>.

to the filings without authorization. These steps could mitigate damage from a potential cyber breach of the Investment Adviser Registration Depository. We were very concerned upon hearing of the SEC EDGAR database breach and the potential use of registrant information from EDGAR filings by cyber thieves.¹² We understand that despite the Commission's best efforts, it may not always be able to protect even the most confidential information that it holds. Accordingly, MFA recommends that the Commission issue and require investment advisers to use confidential alphanumeric identifiers for the adviser and its funds on Form PF, rather than the proper names of the adviser and its funds. Similarly, the Commission should remove questions seeking adviser and fund identifying information from Form PF. This separation of data and identity would make it more difficult for any cyberattack to use highly confidential information against a specific manager or to leak it to the public or the media.

3. Revise certain questions to better identify potential systemic risk

We think several questions in Form PF should be revised to more acutely and accurately focus on systemic risk, as discussed below.

a. Improve accuracy of counterparty credit risk calculations

Form PF has a few questions (22, 23, 36, and 37) that seek information with respect to a reporting fund's counterparties for purposes of understanding credit exposure and potential systemic risk. These questions require managers to ignore margin posted by a counterparty, and request for credit exposures in a manner which is inconsistent with how securities dealer and banking regulators consider counterparty exposure. These questions are also inconsistent with how capital requirements for counterparty risk are calculated under the Basel rules. We believe questions 22, 23, 36 and 37 should be consolidated and revised in a manner that would better identify counterparties whose default would likely lead to a significant loss for the reporting fund, and correspondingly, better identify a reporting fund whose default would likely lead to a loss for financing providers, such as dealers and banks.

b. Revise thresholds used in Form PF to seek information that is more likely to identify concerns related to investment concentration or market stress

We recommend that the Commission revise question 35 (identifying positions that represent 5% or more of a reporting fund's NAV) by increasing the reporting threshold from 5% to 10%. A loss of the entirety of a 5% position, while rare, is unlikely to pose significant risk to a fund or to the economic system as a whole. Concentrated positions are not necessarily a signal of risk, and indeed, certain investment strategies inherently consist of fewer, more concentrated holdings. If the Commission is concerned about the impact on issuers, we believe the Commission's various other filing requirements, such as the beneficial ownership reports, the institutional investment manager reports and the large trader reports, better address this concern.¹³

We also recommend that the current stress test scenarios in Question 42 be reduced to those that actually reflect unusual market or economic risks. Question 42 asks managers to calculate the effects on long and short components of a portfolio from changes in various asset prices. We recommend streamlining this scenario analysis by eliminating the first lower reporting thresholds provided for each financial product (*i.e.*, 5% market changes for equity prices, risk free interest rate changes of 25 basis points, credit spread

¹² See Statement on Cybersecurity, SEC Chairman Jay Clayton, September 20, 2017, available at: <https://www.sec.gov/news/public-statement/statement-clayton-2017-09-20>.

¹³ See, *e.g.*, 17 C.F.R. §§ 240.13d-1, 240.13f-1, 240.13h-1.

changes of 50 basis points, etc...). Changes in general asset values of 5% or in rates of 25 basis points are not uncommon in well-functioning markets, and while they may lead to negative returns for a fund and its investors, they should not be considered systemic stress events. Reducing the number of scenarios that must be produced will reduce the cost for filers while ensuring the systemic risk information to the Commission is more valuable.

4. Simplify or eliminate certain questions that are duplicative or overly complex

Form PF was designed in the years immediately after the financial crisis, when the Commission and other regulators had limited information about the hedge fund industry and were still grappling with how critical financial regulatory reforms would perform. Over the years, some of the Form PF questions have become less relevant, especially as regulators have implemented regulations under the Dodd-Frank Act. These include the significant reforms that reduce counterparty risk in the OTC derivatives markets and the development of a robust regulatory framework for managers of private funds. As such, concerns about “regulatory gaps” have been substantially resolved. Based on our members experience and review of the periodic SEC staff reports on private fund filings, we believe that some questions provide little useful data and can be eliminated. In addition, we have identified questions that ask for substantially similar information as other questions and are therefore duplicative.

The attached mark-up of Form PF provides specific edits to the following questions consistent with this recommendation:

- Question 12(d), (e) – relating to the percentage borrowed from U.S. creditors that are not financial institutions, and non-U.S. creditors that are not financial institutions.
- Question 14 – relating to information on a reporting fund’s assets and liabilities pursuant to accounting classifications.
- Question 15 – relating to information on beneficial owners, which is also provided through Form ADV.
- Question 16 – relating to information on the categories of investors in a reporting fund.
- Question 21 – relating to high frequency trading strategies.
- Questions 24 and 25 – relating to the use of trading and clearing mechanisms.
- Question 27 – relating to portfolio turnover.
- Question 28(b) – relating to the geographical breakdown of investments by country.
- Question 34 – relating to the number of open positions.
- Question 38(b) – relating to the rehypothecation of collateral.
- Question 39 – relating to clearing through a CCP.
- Question 43(ii), (iii), (iv) - relating to the percentage borrowed from non-U.S. financial institutions, U.S. creditors that are not financial institutions, and non-U.S. creditors that are not financial institutions.
- Question 44 – relating to the aggregate value of all derivatives positions.
- Question 48 – relating to investor information.

5. Harmonize reporting with CFTC as originally intended

The Commission and the CFTC should harmonize and rationalize the risk reports they require of dual registrants to reduce regulatory burden for filers and to enhance the government’s ability to monitor for systemic risk as originally intended by the Dodd-Frank Act. The Dodd-Frank Act requires the Commission and the CFTC, after consultation with FSOC, to “jointly promulgate rules to establish the form and content of the reports required to be filed with the Commission . . . and with the [CFTC]” by investment

advisers that are also registered with the CFTC.¹⁴ While the Commission and the CFTC jointly promulgated Form PF, the CFTC does not use Form PF but requires investment advisers that are registered with it to submit a separate set of risk reports—Forms CPO-PQR and/or CTA-PR. The CFTC’s reports ask similar questions as Form PF but request that registrants use different methodologies to calculate responses. This is extremely burdensome for dual registrants and does not comply with the letter or the spirit of the Dodd-Frank Act. We urge the Commission and the CFTC to harmonize and rationalize the reports filed by investment advisers registered with both agencies, as originally intended by the Dodd-Frank Act, or as an alternative, to allow such registrants to only file one risk report with both agencies.¹⁵ A harmonized and streamlined form would reduce government costs in reviewing and understanding different systemic risk reports and would allow FSOC to aggregate the reports from the SEC and the CFTC for systemic risk purposes, consistent with the Dodd-Frank Act.

* * * * *

MFA looks forward to discussing its Form PF recommendations with you and your staff. If you have questions or comments, please feel free to contact Jennifer Han, Associate General Counsel, at (202) 730-2600.

Respectfully submitted,

/s/ Richard H. Baker
Richard H. Baker
President and CEO

/s/ Jennifer W. Han
Jennifer W. Han
Associate General Counsel

CC: The Honorable Kara M. Stein, Commissioner
The Honorable Robert J. Jackson Jr., Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
Ms. Dalia Blass, Director, Division of Investment Management

¹⁴ Section 406 of the Dodd-Frank Act; 15 U.S.C. 80b-11(e).

¹⁵ Separately, MFA is proposing to the Commission and to the CFTC a harmonized approach to the regulation of dual investment adviser/commodity pool operator (“CPO”) registrants. Under our proposal, we are recommending that the Commission and CFTC adopt a “primary regulator” framework and allow for substituted compliance of investment adviser and CPO rules for dual registrants. As an alternative to consolidating Forms PF and CPO-PQR, we urge the agencies under such a framework to allow registrants to only file one systemic risk report—the form of its primary regulator—with both agencies. Regardless of the approach, we continue to believe that the time has come to review and revise Form PF.

MFA Form PF Recommendations

Form PF Section 1a	Information about you and your <i>related persons</i> (to be completed by all Form PF filers)	Page 1 of 42
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Section 1a: Information about you and your *related persons*

Check the box that indicates what you would like to do:

- A. If you are not a *large hedge fund adviser* or *large liquidity fund adviser*:
 - Submit your first filing on Form PF
for the period ended: _____
 - Submit an *annual update*
for the period ended: _____
 - Amend a previously submitted filing
for the period ended: _____
 - Submit a final filing
 - Request a temporary hardship exemption
- B. If you are a *large hedge fund adviser* or *large liquidity fund adviser*:
 - Submit your first filing on Form PF
for the [1st, 2nd, 3rd, 4th] quarter, which ended: _____
 - Submit a *quarterly update* (including fourth quarter updates)
for the [1st, 2nd, 3rd, 4th] quarter, which ended: _____
 - Amend a previously submitted filing
for the [1st, 2nd, 3rd, 4th] quarter, which ended: _____
 - Transition to annual reporting
 - Submit a final filing
 - Request a temporary hardship exemption

Item A. Information about you

1. (a) Provide your adviser ~~alphanumeric identifier~~ name and the other identifying information requested below.

(You should register each adviser and fund for a Form PF alphanumeric identifier. This identifier should be kept private and is to be used solely for Form PF purposes.) This should be your full legal name. If you are a sole proprietor, this will be your last, first, and middle names. If you are a SID, enter the full legal name of your bank. Please use the same name that you use in your Form ADV.)

<u>Entity Identifier</u>	<u>Legal name</u>	<u>SEC 801-Number</u>	<u>NFA-ID</u>	<u>Large trader-</u>	<u>Large trader-</u>
			<u>Number, if any</u>	<u>ID, if any</u>	<u>ID-suffix, if any</u>

- (b) Provide the Form PF identifier following information for each of the *related persons*, if any, with respect to which you are reporting information on this Form PF:

<u>Entity Identifier</u>	<u>Legal name</u>	<u>SEC 801-Number</u>	<u>N</u>	<u>u</u>	<u>if any</u>
			<u>F</u>	<u>m</u>	
			<u>A</u>	<u>b</u>	
			<u>I</u>	<u>e</u>	
			<u>D</u>	<u>r</u>	
			<u>N</u>	<u>r</u>	

Commented [HJ1]: MFA recommends that the Commission incorporate protections within the design of its forms and reporting systems to mitigate cyber breaches. The Commission should enable entities to use alphanumeric identifiers for Form PF filings. Such safeguard would mitigate damage from a breach of the Investment Adviser Registration Depository.

MFA Form PF Recommendations

Large-trader-ID, if any

Large-trader-ID-suffix, if any

MFA Form PF Recommendations

Form PF Section 1a	<u>This page is not part of Form PF. All certifications should be submitted with Form ADV. Information about you and your related persons</u> (to be completed by all Form PF filers)	Page 2 of 42
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2. Signatures of sole proprietor or authorized representative (see *Instruction 11 to Form PF*).

Signature on behalf of the firm and its related persons:

I, the undersigned, sign this Form PF on behalf of, and with the authority of, the *firm*. In addition, I sign this Form PF on behalf of, and with the authority of, each of the *related persons* identified in Question 1(b) (other than any *related person* for which another individual has signed this Form PF below).

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 all 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*.

Name of individual:	
Signature:	
Title:	
Email address:	
Telephone contact number (include area code and, if outside the United States, country code):	
Date:	

Signature on behalf of related persons:

I, the undersigned, sign this Form PF on behalf of, and with the authority of, the *related person(s)* identified below.

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 all 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*.

Name of each <i>related person</i> on behalf of which this individual is signing:	
Name of individual:	
Signature:	
Title:	
Email address:	
Telephone contact number (include area code and, if outside the United States, country code):	
Date:	

Item B. Information about assets of private funds that you advise

3. Provide a breakdown of your *regulatory assets under management* and your *net assets*

Commented [HJ2]: To mitigate risks to registrants in a future cyber breach, MFA believes Form PF should limit firm identifying information. Instead, firms should separately submit the certifications to the SEC.

MFA Form PF Recommendations

Form PF Section 1a	Information about you and your related persons (to be completed by all Form PF filers)	Page 3 of 42
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under management as follows:

(If you are filing a quarterly update for your first, second or third fiscal quarter, you are only required to update row (a), in the case of a large hedge fund adviser, or row (b), in the case of a large liquidity fund adviser.)

	<i>Regulatory assets under management</i>	<i>Net assets under management</i>
(a) <i>Hedge funds</i>		
(b) <i>Liquidity funds</i>		
(c) <i>Private equity funds</i>		
(d) <i>Real estate funds</i>		
(e) <i>Securitized asset funds</i>		
(f) <i>Venture capital funds</i>		
(g) <i>Other private funds</i>		
(h) Funds and accounts other than <i>private funds</i> (i.e., the remainder of your assets under management).....		

Item C. Miscellaneous

4. You may use the space below to explain any assumptions that you made in responding to any question in this Form PF. Assumptions must be in addition to, or reasonably follow from, any instructions or other guidance relating to Form PF. If you are aware of any instructions or other guidance that may require a different assumption, provide a citation and explain why that assumption is not appropriate for this purpose.

**Question
number**

Description

MFA Form PF Recommendations

Form PF Section 1b	Information about the private funds you advise (to be completed by all Form PF filers)	Page 4 of 42
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Section 1b: Information about the private funds you advise

Subject to Instruction 5, you must complete a separate Section 1b for each *private fund* that you advise.

Item A. Reporting fund identifying information

Commented [HJ3]: Per our earlier comments, MFA believes the Commission should limit firm identifying information in Form PF to mitigate risks for firms and the market from a future cyber breach.

5.	(a)	Identifier Name of the reporting fund	
		(b) Private fund identification number of the reporting fund	
		(c) NFA identification number of the reporting fund, if applicable	
		(d) LEI of the reporting fund, if applicable	

6. Check “yes” below if the reporting fund is the master fund of a master-feeder arrangement and you are reporting for all of the funds in the master-feeder arrangement on an aggregated basis. Otherwise, check “no.”

(See Instruction 5 for information regarding aggregation of master-feeder arrangements. If you respond “yes,” do not complete a separate Section 1b, 1c, 2b, 3 or 4 with respect to any of the feeder funds.)

Yes No

7. (a) Check “yes” below if the reporting fund is the largest fund in a parallel fund structure and you are reporting for all of the funds in the structure on an aggregated basis. Otherwise, check “no.”

(See Instruction 5 for information regarding aggregation of parallel funds. If you respond “yes,” do not complete a separate Section 1b, 1c, 2b, 3 or 4 with respect to any of the other parallel funds in the structure.)

Yes No

If you responded “yes” to Question 7(a), complete (b) through (e) below for each other parallel fund in the parallel fund structure.

		(b) Identifier Name of the parallel fund	
		(c) Private fund identification number of the parallel fund	
		(d) NFA identification number of the parallel fund, if applicable	
		(e) LEI of the parallel fund, if applicable	

Item B. Assets, financing and investor concentration

8. Gross asset value of reporting fund.....

(This amount may differ from the amount you reported in response to question 11 of Form ADV Section 7.B.1. For instance, the amounts may not be the same if you are filing Form PF on a quarterly basis, if you are aggregating a master-feeder arrangement for purposes of this Form PF and you did not aggregate that master-feeder arrangement for purposes of Form ADV Section 7.B.1. or if you are aggregating parallel funds for purposes of this Form PF.)

9. Net asset value of reporting fund.....

MFA Form PF Recommendations

Form PF Section 1b	Information about the private funds you advise (to be completed by all Form PF filers)	Page 5 of 42
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10. Value of reporting fund's investments in equity of other private funds
11. Value of all parallel managed accounts related to the reporting fund
- (If any of your parallel managed accounts relates to more than one of the private funds you advise, only report the value of the account once, in connection with the largest private fund to which it relates.)
12. Provide the following information regarding the value of the reporting fund's borrowings and the types of creditors.
- (You are not required to respond to this question for any reporting fund with respect to which you are answering Question 43 in Section 2b. Do not net out amounts that the reporting fund loans to creditors or the value of collateral pledged to creditors.)
- (The percentages borrowed from the specified types of creditors should add up to approximately 100%.)
- (a) Dollar amount of total borrowings.....
- (b) Percentage borrowed from U.S. financial institutions
- (c) Percentage borrowed from non-U.S. financial institutions
- ~~(d) Percentage borrowed from U.S. creditors that are not financial institutions~~
- ~~(e) Percentage borrowed from non-U.S. creditors that are not financial institutions~~

13. (a) Does the reporting fund have any outstanding derivatives positions?
- Yes No
- (b) If you responded "yes" to Question 13(a), provide the aggregate value of all derivatives positions of the reporting fund
- (You are not required to respond to Question 13 for any reporting fund with respect to which you are answering Question 44 in Section 2b.)

14. ~~Provide a summary of the reporting fund's assets and liabilities categorized using the hierarchy below. For assets and liabilities that you report internally and to current and prospective investors as representing fair value, or for which you are required to determine fair value in order to report the reporting fund's regulatory assets under management on Form ADV, categorize them into the following categories based on the valuation assumptions utilized:~~
- ~~Level 1— Quoted prices (unadjusted) in active markets for identical assets or liabilities.~~
- ~~Level 2— Other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.~~
- ~~Level 3— Unobservable inputs, such as your assumptions or the fund's assumptions used to determine the fair value of the asset or liability.~~
- ~~For any assets and liabilities that you report internally and to current and prospective investors as representing a measurement attribute other than fair value, and for which you are not required to determine fair value in order to report the reporting fund's regulatory assets under management on Form ADV, separately report these assets and liabilities in the "cost-based" measurement column.~~
- ~~(If the fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") or another accounting standard that requires the~~

Commented [HJ4]: We recommend deleting the questions regarding creditors that are not financial institutions, because private funds almost never receive unsecured lending. This is because the purpose of the financing is to leverage purchases or sales of financial products, and non-financial institutions are not in a position to easily and quickly secure collateral. As the SEC's Private Funds Statistics show, the amount borrowed from non-financial creditors is so low that it is insignificant (between 0 to 0.4 of a percent).

Nevertheless, by deleting the sentence specifying that the percentages should add up to 100%, to the extent a fund borrows from a non-financial institution, the Commission will be able to deduct the level of such borrowing.

Commented [HJ5]: MFA recommends deleting this question for several reasons. First, Q32 already requests for information concerning a fund's portfolio liquidity, which we believe is more effective than data from Q14. Second, accounting classifications do not provide particularly meaningful data for analyzing systemic risk because of the inaccuracy of some of the conventions. As such, the SEC shouldn't use the accounting conventions as a proxy for evaluating fund liquidity. Third, advisers generally do not receive audited financial reports of their private funds until after 90-days from the fiscal year-end (in order to send to fund investors within 120-days from the fiscal year-end), while the Form PF is due to the SEC within 90-days from a fund's fiscal year-end. This creates a timing mismatch for advisers trying to respond to Q14. Fourth, for non-US funds and funds that do not use fair values and cost-based measurements (i.e., fund-of-funds), Q14 raises discrepancies in reporting. Finally, with respect to whether a fund's assets are valued externally, Form ADV requests for such information in Q27 of Section 7.B(1).

MFA Form PF Recommendations

Form PF Section 1b	Information about the <i>private funds</i> you advise (to be completed by all Form PF filers)	Page 6 of 42
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categorization of assets and liabilities using a fair value hierarchy similar to that established under U.S. GAAP, then respond to this question using the fair value hierarchy established under the applicable accounting standard.)

(This question requires the use of fair values and cost-based measurements, which may be different from the values contemplated by Instruction 15. You are only required to respond to this question if you are filing an annual update or a quarterly update for your fourth fiscal quarter.)

	Fair value			Cost based
	Level 1	Level 2	Level 3	
Assets	\$ _____	\$ _____	\$ _____	\$ _____
Liabilities	\$ _____	\$ _____	\$ _____	\$ _____

15. Specify the approximate percentage of the reporting fund's equity that is beneficially owned by the five beneficial owners having the largest equity interests in the reporting fund.

(For purposes of this question, if you know that two or more beneficial owners of the reporting fund are affiliated with each other, you should treat them as a single beneficial owner.)

16. Specify the approximate percentage of the reporting fund's equity that is beneficially owned by the following groups of investors.

(Include each investor in only one group. The total should add up to approximately 100%. With respect to beneficial interests outstanding prior to March 31, 2012, that have not been transferred on or after that date, you may respond to this question using good faith estimates based on data currently available to you.)

- (a) Individuals that are *United States persons* (including their trusts)
- (b) Individuals that are not *United States persons* (including their trusts).....
- (c) Broker-dealers
- (d) Insurance companies.....
- (e) Investment companies registered with the *SEC*.....
- (f) *Private funds*.....
- (g) Non-profits.....
- (h) Pension plans (excluding governmental pension plans)
- (i) Banking or thrift institutions (proprietary)
- (j) State or municipal government entities (excluding governmental pension plans)
- (k) State or municipal governmental pension plans
- (l) Sovereign wealth funds and foreign official institutions
- (m) Investors that are not *United States persons* and about which the foregoing beneficial ownership information is not known and cannot reasonably be obtained because the beneficial interest is held through a chain involving one or more third-party intermediaries
- (n) Other

Commented [HJ6]: MFA believes that Q15 should be deleted to simplify and reduce the burdens associated with Form PF as Form ADV already requests for information on fund ownership.

Commented [HJ7]: MFA believes that Q16 should be deleted as information on the types of investors in a fund is not pertinent to the assessment of systemic risk. From a systemic risk perspective, the more important information is the liquidity of the underlying investors, which the SEC receives from Q50.

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Form PF Section 1b	Information about the private funds you advise (to be completed by all Form PF filers)	Page 7 of 42
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Item C. Reporting fund performance

17. Provide the reporting fund's gross and net performance, as reported to current and prospective investors (or, if calculated for other purposes but not reported to investors, as so calculated). If the fund reports different performance results to different groups of investors, provide the most representative results. You are required to provide monthly and quarterly performance results only if such results are calculated for the reporting fund (whether for purposes of reporting to current or prospective investors or otherwise).

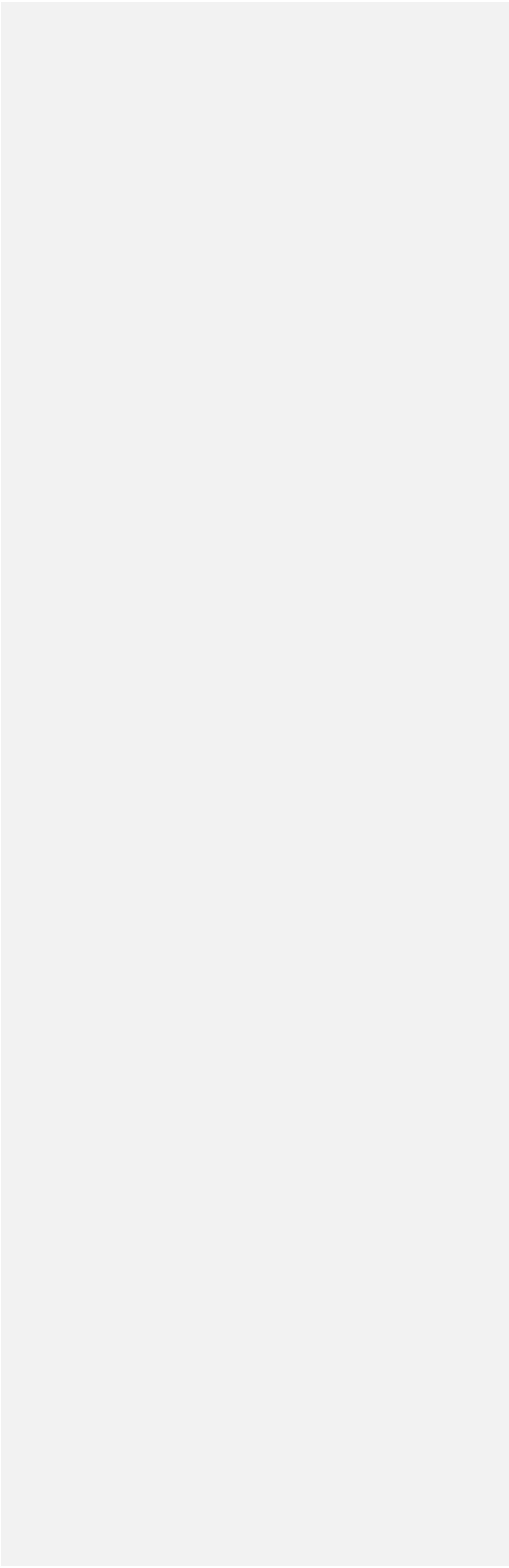
(If your fiscal year is different from the reporting fund's fiscal year, then for any portion of the reporting fund's fiscal year that has not been completed as of the data reporting date, provide the relevant information from that portion of the reporting fund's preceding fiscal year.)

(Enter your responses as percentages rounded to the nearest one-hundredth of one percent. Performance results for monthly and quarterly periods should not be annualized. If any period precedes the date of the fund's formation, enter "NA". You are not required to include performance results for any period with respect to which you previously provided performance results for the reporting fund on Form PF.)

	Last day of fiscal period	Gross- performance	Net of management fees and incentive fees and allocations
(a) <u>January</u> 1st month of reporting fund's fiscal year			
(b) <u>February</u> 2nd month of reporting fund's fiscal year			
(c) <u>March</u> 3rd month of reporting fund's fiscal year			
(d) First quarter			
(e) <u>April</u> 4th month of reporting fund's fiscal year			
(f) <u>May</u> 5th month of reporting fund's fiscal year			
(g) <u>June</u> 6th month of reporting fund's fiscal year			
(h) Second quarter			
(i) <u>July</u> 7th month of reporting fund's fiscal year			
(j) <u>August</u> 8th month of reporting fund's fiscal year			
(k) <u>September</u> 9th month of reporting fund's fiscal year			
(l) Third quarter			
(m) <u>October</u> 10th month of reporting fund's fiscal year			
(n) <u>November</u> 11th month of reporting fund's fiscal year			
(o) <u>December</u> 12th month of reporting fund's fiscal year			
(p) Fourth quarter			

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~~(q) Reporting fund's most recently completed
fiscal year.....~~



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Form PF Section 1c	Information about the <i>hedge funds</i> you advise (to be completed by all Form PF filers that advise <i>hedge funds</i>)	Page 8 of 42
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Section 1c: Information about the *hedge funds* you advise

Subject to Instruction 5, you must complete a separate Section 1c for each *hedge fund* that you advise.

Item A. Reporting fund identifying information

18. (a) Identifier-Name of the reporting fund
 (b) Private fund identification number of the reporting fund

Item B. Certain information regarding the reporting fund

19. Does the reporting fund have a single primary investment strategy or multiple strategies?
 Single primary strategy Multi-strategy

20. Indicate which of the investment strategies below best describe the reporting fund's strategies. For each strategy that you have selected, provide a good faith estimate of the percentage of the reporting fund's net asset value represented by that strategy. If, in your view, the reporting fund's allocation among strategies is appropriately represented by the percentage of deployed capital, you may also provide that information.

(Select the investment strategies that best describe the reporting fund's strategies, even if the descriptions below do not precisely match your characterization of those strategies; select "other" only if a strategy that the reporting fund uses is significantly different from any of the strategies identified below. You may refer to the reporting fund's use of these strategies as of the data reporting date or throughout the reporting period, but you must report using the same basis in future filings.)

(The strategies listed below are mutually exclusive (i.e., do not report the same assets under multiple strategies). If providing percentages of capital, the total should add up to approximately 100%.)

Strategy	% of NAV (required)	% of capital (optional)
<input type="checkbox"/> Equity, Market Neutral		
<input type="checkbox"/> Equity, Long/Short		
<input type="checkbox"/> Equity, Short Bias		
<input type="checkbox"/> Equity, Long Bias		
<input checked="" type="checkbox"/> Macro, Active Trading		
<input type="checkbox"/> Macro, Commodity		
<input type="checkbox"/> Macro, Currency		
<input type="checkbox"/> Macro, Global Macro		
Relative Value, Fixed Income Asset Backed		

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Form PF Section 1c	Information about the hedge funds you advise (to be completed by all Form PF filers that advise hedge funds)	Page 9 of 42
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<input type="checkbox"/>	Relative Value, Fixed Income Convertible Arbitrage		
<input type="checkbox"/>	Relative Value, Fixed Income Corporate		
<input type="checkbox"/>	Relative Value, Fixed Income Sovereign		
<input type="checkbox"/>	Relative Value, Volatility Arbitrage		
<input type="checkbox"/>	Event Driven, Distressed/Restructuring		
<input type="checkbox"/>	Event Driven, Risk Arbitrage/Merger Arbitrage		
<input type="checkbox"/>	Event Driven, Equity Special Situations		
<input type="checkbox"/>	Credit, Long/Short		
<input type="checkbox"/>	Credit, Asset Based Lending		
<input type="checkbox"/>	Managed Futures/CTA, Fundamental		
<input type="checkbox"/>	Managed Futures/CTA, Quantitative		
<input type="checkbox"/>	Investment in other funds		
<input type="checkbox"/>	Other: _____		

21. *During the reporting period, approximately what percentage of the reporting fund's net asset value was managed using high frequency trading strategies?*
(In your response, please do not include strategies using algorithms solely for trade execution. This question concerns strategies that are substantially computer driven, where decisions to place bids or offers, and to buy or sell, are primarily based on algorithmic responses to intraday price action in equities, futures and options, and where the total number of shares or contracts traded throughout the day is generally significantly larger than the net change in position from one day to the next.)
- 0% less than 10% 10-25% 26-50%
- 51-75% 76-99% 100% or more

22. Identify the top three counterparties to which the reporting fund has the greatest mark-to-market net counterparty credit exposure and the top three counterparties that have the largest exposure to the reporting fund. With respect to each counterparty, report:
- measured as a percentage of the reporting fund's net asset value.*
(For purposes of this question, you should treat affiliated entities as a single group to the extent exposures may be contractually or legally set off or netted across those entities and/or one affiliate guarantees or may otherwise be obligated to satisfy the obligations of another. CCPs should not be regarded as counterparties for purposes of this question.)
(In your response, you should take into account: (i) mark-to-market gains and losses on derivatives; and (ii) any loans or loan commitments.)
(However, you should not take into account: (i) margin posted by the counterparty; or (ii) holdings of debt or equity securities issued by the counterparty.)

Commented [HJ8]: To simplify Form PF, we recommend deleting this question as we do not believe it is particularly meaningful to understand regulatory assets under management expressed (RAUM) as a percentage of a firm's NAV for systemic risk purposes. Further, we think the question is fairly subjective given the general and broad meaning provided for high frequency trading.

To the extent the Staff believes that this question provides critical information, we would suggest improving the definition of HFT, moving away from asking for RAUM expressed in terms of NAV, and asking for the amount of risk capital a firm devotes to HFT strategies.

Commented [HJ9]: Questions 22, 23, 36 and 37: Counterparty Exposure. We think these questions are asked in ways that generate a distorted view of counterparty exposure. Q22 and Q23 request for exposure in a manner which is inconsistent with how securities dealer and banking regulators consider counterparty exposure. For example, Q22 and Q23 request that a filer exclude margin posted by a counterparty, which is inconsistent with the calculation of capital requirements for counterparty risk under the Basel rules.

We believe Q22, Q23, Q36 and Q37 should be consolidated and revised in a way that would provide the SEC with information on the net liquidating equity of the fund in the event of a counterparty default. Such information would better identify counterparties whose default would likely lead to a significant loss for the reporting fund; and correspondingly, better identify a fund, whose default would likely lead to a loss for financing providers, such as banks and dealers.

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	Legal name of the counterparty (or, if multiple affiliated entities, counterparties)	Indicate below if the counterparty is affiliated with a major financial institution	Exposure (% of reporting fund's net asset value)
(a)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(b)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(c)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(d)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(e)		{drop-down list of counterparty names} Other: _____ {Not applicable}	

23. Identify the five counterparties that have the greatest mark-to-market net-counterparty credit exposure to the reporting fund, measured in U.S. dollars.

(For purposes of this question, you should treat affiliated entities as a single group to the extent exposures may be contractually or legally set off or netted across those entities and/or one affiliate guarantees or may otherwise be obligated to satisfy the obligations of another. CCPs should not be regarded as counterparties for purposes of this question.)

(In your response, you should take into account: (i) mark to market gains and losses on derivatives; and (ii) any loans or loan commitments.)

(However, you should not take into account: (i) margin posted to the counterparty; or (iii) holdings of debt or equity securities issued by the counterparty.)

	Legal name of the counterparty (or, if multiple affiliated entities, counterparties)	Indicate below if the counterparty is affiliated with a major financial institution	Exposure (in U.S. dollars)
(a)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(b)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(c)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(d)		{drop-down list of counterparty names} Other: _____ {Not applicable}	
(e)		{drop-down list of counterparty names}	

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Form PF Section 1c	Information about the <i>hedge funds</i> you advise (to be completed by all Form PF filers that advise <i>hedge funds</i>)	Page 11 of 42
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	Other: _____ [Not applicable]
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24. Provide the following information regarding your use of trading and clearing mechanisms during the reporting period.

(Provide good faith estimates of the mode in which instruments were traded and cleared by the reporting fund, and not the market as a whole. For purposes of this question, a "trade" includes any transaction, whether entered into on a bilateral basis or through an exchange, trading facility or other system and whether long or short. With respect to clearing, transactions for which margin is held in a customer omnibus account at a CCP should be considered cleared by a CCP. Tri-party repo applies where repo collateral is held at a custodian (not including a CCP) that acts as a third party agent to both the repo buyer and the repo seller.)

(The total in each part of this question should add up to 100%. Enter "NA" in each part of this question for which the reporting fund engaged in no relevant trades.)

%

- (a) Estimated % (in terms of value) of securities (other than derivatives) that were traded by the reporting fund:
 - On a regulated exchange
 - OTC
- (b) Estimated % (in terms of trade volumes) of derivatives that were traded by the reporting fund:
 - On a regulated exchange or swap execution facility
 - OTC
- (c) Estimated % (in terms of trade volumes) of derivatives that were traded by the reporting fund and:
 - Cleared by a CCP
 - Bilaterally transacted (i.e., not cleared by a CCP)
- (d) Estimated % (in terms of value) of repo trades that were entered into by the reporting fund and:
 - Cleared by a CCP
 - Bilaterally transacted (i.e., not cleared by a CCP)
 - Constitute a tri-party repo

25. What percentage of the reporting fund's net asset value relates to transactions that are not described in any of the categories listed in items (a) through (d) of Question 24?

Commented [HJ10]: We recommend deleting Q24 and Q25 as we do not believe they are designed in ways that are helpful in evaluating or understanding systemic risk. While the questions are broadly related to systemic risk, they do not recognize meaningful differences in risk because the questions do not distinguish between product-types or collateralization.

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Section 2a: Aggregated information about hedge funds that you advise

Item A. Exposure of hedge fund assets

26. Aggregate hedge fund exposures.

(Give a dollar value for long and short positions as of the last day in each month of the reporting period, by sub-asset class, including all exposure whether held physically, synthetically or through derivatives. Enter "NA" in each space for which there are no relevant positions.)

(Include any closed out and OTC forward positions that have not yet expired/matured. Do not net positions within sub-asset classes. Positions held in side-pockets should be included as positions of the hedge funds. Provide the absolute value of short positions. Each position should only be included in a single sub-asset class.)

(Where "duration/WAT/10-year eq." is required, provide at least one of the following with respect to the position and indicate which measure is being used: bond duration, weighted average tenor or 10-year bond equivalent. Duration and weighted average tenor should be entered in terms of years to two decimal places.)

	2 nd Quarter 1 st Month		3 rd Month		4 th Quarter 2 nd Month	
	LV	SV	LV	SV	LV	SV
Listed equity						
Issued by financial institutions						
Other listed equity.....						
Unlisted equity						
Issued by financial institutions						
Other unlisted equity.....						
Listed equity derivatives						
Related to financial institutions						
Other listed equity derivatives						
Derivative exposures to unlisted equities						
Related to financial institutions						
Other derivative exposures to unlisted equities.....						
Corporate bonds issued by financial institutions (other than convertible bonds)						
Investment grade						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						
Non-investment grade						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						

Commented [HJ11]: We note that there are differences in the requests with respect to Forms PF and CPO-PQR. We recommend that the SEC and the CFTC consolidate and shorten the product list.

Commented [HJ12]: To reduce the burden of systemic risk reporting, we recommend that regulators request for two data points—the second quarter and the fourth quarter. As shown by the Private Fund Statistics report, the changes are so slow and gradual that we don't think monthly data points are warranted.

We think the Commission should seek transaction data from banks, dealers, central counterparty clearing houses and through the consolidated audit trail for more detailed, timely, and consistent data during times of market stress, or on an ad-hoc basis. Such data will be superior to the Form PF reports for purposes of understanding and addressing systemic risk.

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Corporate bonds not issued by financial institutions (other than convertible bonds)

<i>Investment grade</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>Non-investment grade</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				

Convertible bonds issued by financial institutions

<i>Investment grade</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>Non-investment grade</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				

Convertible bonds not issued by financial institutions

<i>Investment grade</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>Non-investment grade</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				

Sovereign bonds and municipal bonds

<i>U.S. treasury securities</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>Agency securities</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>GSE bonds</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>Sovereign bonds</i> issued by G10 countries other than the U.S.				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>Other sovereign bonds</i> (including supranational bonds).....				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				
<i>U.S. state and local bonds</i>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..				

Loans

<i>Leveraged loans</i>				
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<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
<i>Other loans</i> (not including <i>repos</i>).....					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
<i>Repos</i>					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq.					
ABS/structured products					
<i>MBS</i>					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
<i>ABCP</i>					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
<i>CDO/CLO</i>					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
<i>Other ABS</i>					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
<i>Other structured products</i>					
Credit derivatives					
<i>Single name CDS</i>					
<i>Index CDS</i>					
<i>Exotic CDS</i>					
Foreign exchange derivatives (investment)					
<i>Foreign exchange derivatives (hedging)</i>					
<i>Non-U.S. currency holdings</i>					
Interest rate derivatives					
Commodities (derivatives)					
<i>Crude oil</i>					
<i>Natural gas</i>					
<i>Gold</i>					
<i>Power</i>					
<i>Other commodities</i>					
Commodities (physical)					
<i>Crude oil</i>					
<i>Natural gas</i>					

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<i>Gold</i>					
<i>Power</i>					
<i>Other commodities</i>					
<i>Other derivatives</i>					
<i>Physical real estate</i>					
<i>Investments in internal private funds</i>					
<i>Investments in external private funds</i>					
<i>Investments in registered investment companies</i>					
Cash and cash equivalents					
<input type="checkbox"/> Certificates of deposit					
Duration WAT 10-year eq..					
<input type="checkbox"/> Other deposits					
<i>Money market funds</i>					
<i>Other cash and cash equivalents (excluding government securities)</i>					
<i>Investments in funds for cash management purposes (other than money market funds)</i>					
<i>Investments in other sub-asset classes</i>					

- ~~27. For each month of the reporting period, provide the value of turnover during the month in each of the asset classes listed below for the hedge funds that you advise.~~
- ~~28. (The value of turnover should be the sum of the absolute values of transactions in the relevant asset class during the period.)~~
- ~~29. 1st Month 2nd Month 3rd Month~~
- ~~30. Listed equity~~
- ~~31. Corporate bonds (other than convertible bonds)~~
- ~~32. Convertible bonds~~
- ~~33. Sovereign bonds and municipal bonds~~
- ~~34. U.S. treasury securities~~
- ~~35. Agency securities~~
- ~~36. GSE bonds~~
- ~~37. Sovereign bonds issued by G10 countries other than the U.S.~~
- ~~38. Other sovereign bonds (including supranational bonds)~~

Commented [HJ13]: We propose deleting Q27 to simplify and reduce the burdens associated with Form PF. While portfolio turnover data may be an interesting statistic, we do not believe that turnover data on general asset classes is particularly useful or relevant for measuring systemic risk.

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U.S. state and local bonds.....			
Futures.....			

28. (a) Provide a geographical breakdown of the investments held by the *hedge funds* that you advise (by percentage of the total *net asset value* of these *hedge funds*).
(See Instruction 15 for information on calculating the numerator for purposes of this Question.)

<u>Region/Country</u>	<u>% of NAV</u>
(i) Africa	
(ii) Asia and Pacific (other than the Middle East)	
(iii) Europe (<i>EEA</i>).....	
(iv) Europe (other than <i>EEA</i>).....	
(v) Middle East	
(vi) North America (other than the United States)	
(vii) South America	
(viii) Supranational	

(b) Provide the value of investments in the following countries held by the *hedge funds* that you advise (by percentage of the total *net asset value* of these *hedge funds*).
(See Instruction 15 for information on calculating the numerator for purposes of this Question.)

<u>Country</u>	<u>% of NAV</u>
(i) Brazil.....	
(ii) China (including Hong Kong)	
(iii) India	
(iv) Japan	
(v) Russia.....	
(vi) United States	

Commented [HJ14]: We recommend deleting the request to break out investments from Brazil, China, India, Japan and Russia from the above geographical areas as we do not believe that such information necessarily provides valuable systemic risk information.

Instead, if the Commission is interested in country-level exposures, the Commission may want to consider requesting for the top 3 country exposures.

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Form PF Section 2b	Information about <i>qualifying hedge funds</i> that you advise (to be completed by <i>large private fund advisers</i> only)	Page 17 of 42
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Section 2b: Information about *qualifying hedge funds* that you advise.

You must complete a separate Section 2b for each *qualifying hedge fund* that you advise. However, with respect to *master-feeder arrangements* and *parallel fund structures* that collectively comprise *qualifying hedge funds*, you may report collectively or separately about the component funds as provided in the General Instructions.

Item A. Reporting fund identifying information

29. (a) IdentifierName of the reporting fund
 (b) Private fund identification number of the reporting fund

Item B. Reporting fund exposures and trading

Check this box if you advise only one *hedge fund*. If you check this box, you may skip Question 30.

30. *Reporting fund exposures.*
 (Give a dollar value for long and short positions as of the last day in each month of the reporting period, by sub-asset class, including all exposure whether held physically, synthetically or through derivatives. Enter "NA" in each space for which there are no relevant positions.)
 (Include any closed out and OTC forward positions that have not yet expired/matured. Do not net positions within sub-asset classes. Positions held in side-pockets should be included as positions of the hedge funds. Provide the absolute value of short positions. Each position should only be included in a single sub-asset class.)
 (Where "duration/WAT/10-year eq." is required, provide at least one of the following with respect to the position and indicate which measure is being used: bond duration, weighted average tenor or 10-year bond equivalent. Duration and weighted average tenor should be entered in terms of years to two decimal places.)

	<u>1st Quarter</u>		<u>2nd Quarter</u>		<u>3rd Quarter</u>		<u>4th Quarter</u>	
	<u>LV</u>	<u>SV</u>	<u>LV</u>	<u>SV</u>	<u>LV</u>	<u>SV</u>	<u>LV</u>	<u>SV</u>
<i>Listed equity</i>								
Issued by financial institutions								
Other <i>listed equity</i>								
<i>Unlisted equity</i>								
Issued by financial institutions								
Other <i>unlisted equity</i>								
 <i>Listed equity derivatives</i>	<hr/>							

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Related to financial institutions						
Other listed equity derivatives						

Derivative exposures to unlisted equities

Related to financial institutions						
Other derivative exposures to unlisted equities.....						

Corporate bonds issued by financial institutions (other than convertible bonds)

<i>Investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						
<i>Non-investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						

Corporate bonds not issued by financial institutions (other than convertible bonds)

<i>Investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						
<i>Non-investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						

Convertible bonds issued by financial institutions

<i>Investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						
<i>Non-investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						

Convertible bonds not issued by financial institutions

<i>Investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						
<i>Non-investment grade</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						

Sovereign bonds and municipal bonds

<i>U.S. treasury securities</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						
<i>Agency securities</i>						
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..						

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<i>GSE bonds</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>Sovereign bonds</i> issued by <i>G10</i> countries other than the U.S.							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>Other sovereign bonds</i> (including supranational bonds).....							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
U.S. state and local bonds.....							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							

Loans

<i>Leveraged loans</i>							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>Other loans</i> (not including <i>repos</i>).....							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							

Repos

<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq.							
--	--	--	--	--	--	--	--

ABS/structured products

<i>MBS</i>							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>ABCP</i>							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>CDO/CLO</i>							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>Other ABS</i>							
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..							
<i>Other structured products</i>							

Credit derivatives

<i>Single name CDS</i>							
<i>Index CDS</i>							
<i>Exotic CDS</i>							

Foreign exchange derivatives (investment)

<i>Foreign exchange derivatives (hedging)</i>							
Non-U.S. currency holdings.....							

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Interest rate derivatives.....

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Commodities (derivatives)

<i>Crude oil</i>					
<i>Natural gas</i>					
<i>Gold</i>					
<i>Power</i>					
<i>Other commodities</i>					

Commodities (physical)

<i>Crude oil</i>					
<i>Natural gas</i>					
<i>Gold</i>					
<i>Power</i>					
<i>Other commodities</i>					

Other derivatives

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Physical real estate

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<i>Investments in internal private funds</i>					
<i>Investments in external private funds</i>					
<i>Investments in registered investment companies</i>					

Cash and cash equivalents

Certificates of deposit					
<input type="checkbox"/> Duration <input type="checkbox"/> WAT <input type="checkbox"/> 10-year eq..					
Other deposits					
<i>Money market funds</i>					
Other <i>cash and cash equivalents</i> (excluding government securities).....					
Investments in funds for cash management purposes (other than <i>money market funds</i>).....					
<i>Investments in other sub-asset classes</i>					

31. What is the *reporting fund's* base currency?
[drop-down of currencies]
Other: _____

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32. Provide the following information regarding the liquidity of the *reporting fund's* portfolio.
(Specify the percentage by value of the reporting fund's positions that may be liquidated within each of the periods specified below. ~~Each investment should be assigned to only one period and such assignment should be based on the shortest period during which you believe that such position could reasonably be liquidated at or near its carrying value.~~ Use good faith estimates for liquidity based on market conditions over the reporting period and assuming no fire-sale discounting. In the event that individual positions are important contingent parts of the same trade, group all those positions under the liquidity period of the least liquid part (so, for example, in a convertible bond arbitrage trade, the liquidity of the short should be the same as the convertible bond). ~~Exclude cash and cash equivalents.~~
(The total should add up to approximately 100%.)

	% of portfolio capable of being liquidated within
1 day or less	
2 days – 7 days.....	
8 days – 30 days.....	
31 days – 90 days.....	
91 days – 180 days.....	
181 days – 365 days.....	
Longer than 365 days.....	

Commented [HJ15]: We recommend that the SEC reconsider the requirement that each investment be assigned to only one period. This requirement diminishes the usefulness of the data reported because it causes advisers to report that certain funds are less liquid than they are in the real world.

Commented [HJ16]: We recommend that the SEC reconsider whether cash and cash equivalents should be excluded from portfolio liquidity reporting. This exclusion makes comparing portfolio liquidity against investor liquidity (Q50) more difficult.

	2nd Quart er 1st- Month	4th Quart er 2nd- Month	3rd- Month
33. Value of reporting fund's unencumbered cash.....			
34. Total number of open positions (approximate), determined on the basis of each position and not the issuer or counterparty			

Commented [HJ17]: We recommend deleting this question to simplify and reduce the burdens associated with Form PF as we do not believe the responses will be meaningful for evaluating or measuring systemic risk. This is because the question does not provide any context for the open positions, nor does it differentiate between products.

35. For each open position of the *reporting fund* that represents ~~10~~5% or more of the *reporting fund's* net asset value, provide the information requested below.

	% of net asset value	Sub-asset class
(a) First month of the reporting period		
(i) Position		[drop-down of asset classes]
(ii) Position		[drop-down of asset classes]
(b) Second month of the reporting period		
(i) Position		[drop-down of asset classes]
(ii) Position		[drop-down of asset classes]
(c) Third month of the reporting period		

Commented [HJ18]: We recommend increasing the threshold from 5 to 10 percent in this question in order to better identify potential risk from concentrated investments. Raising the reporting threshold will also greatly decrease reporting burden on managers.

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(i) Position		[drop-down of asset classes]
(ii) Position		[drop-down of asset classes]

~~36.~~ For each of the top five counterparties listed in your response to Question 22 with respect to the *reporting fund*, provide the following information regarding the collateral and other credit support that the counterparty has posted to the *reporting fund*.

~~(For purposes of Questions 36, 37 and 38, include as collateral assets purchased in connection with repos and collateral posted under an arrangement pursuant to which the secured party has loaned securities to the pledgor. Repos and reverse repos with the same counterparty may be netted to the extent secured by the same type of collateral.)~~

~~(a) Counterparty [1, 2, 3, 4, 5]:~~

- ~~(i) value of collateral posted in the form of cash and cash equivalents~~
- ~~(ii) value of collateral posted in the form of securities (other than cash and cash equivalent instruments).....~~
- ~~(iii) value of other collateral and credit support posted (including face amount of letters of credit and similar third party credit support).....~~

~~37.~~ For each of the top five counterparties listed in your response to Question 23 with respect to the *reporting fund*, provide the following information regarding the collateral and other credit support that the *reporting fund* has posted to the counterparty.

~~(a) Counterparty [1, 2, 3, 4, 5]:~~

- ~~(i) value of collateral posted in the form of cash and cash equivalents~~
- ~~(ii) value of collateral posted in the form of securities (other than cash and cash equivalent instruments).....~~
- ~~(iii) value of other collateral and credit support posted (including face amount of letters of credit and similar third party credit support).....~~

38. (a) Of the total amount of collateral and other credit support that counterparties have posted to the *reporting fund*, what percentage:

- (i) may be rehypothecated?
- (ii) has the *reporting fund* rehypothecated?

~~(b) Of the total amount of collateral and other credit support that the *reporting fund* has posted to counterparties, what percentage may be rehypothecated?~~

~~39.~~ During the *reporting period*, did the *reporting fund* clear any transactions directly through a

~~CCP?~~

~~Yes/No~~

Commented [HJ19]: Please see comments to Q22.

Commented [HJ20]: We believe this question should be deleted as it's a question that's more appropriate for banks and broker-dealers. Advisers are not able to answer this question with any certainty, as rehypothecated securities are taken out of an omnibus account.

The Commission should consider whether collecting data on rehypothecation from broker-dealers would improve its ability to assess systemic risk.

Commented [HJ21]: We recommend deleting Q39 as we do not believe this question maintains the same relevance as it previously did, especially as funds are required to clear certain liquid products.

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Item C. Reporting fund risk metrics

40. (a) During the reporting period, did you regularly calculate the VaR of the reporting fund?
(Please respond without regard to whether you reported the result of this calculation internally or to investors.)

Yes No

(b) If you responded “yes” to Question 40(a), provide the following information.
(If you regularly calculate the VaR of the reporting fund using multiple combinations of confidence interval, horizon and historical observation period, complete a separate response to this Question 40(b) for each such combination.)

(i) Confidence interval used (e.g., 100%-alpha%)

(ii) Time horizon used (in number of days).....

(iii) What weighting method was used to calculate VaR?

None Exponential Other: _____

(iv) If you responded “exponential” to Question 40(b)(iii), provide the weighting factor used (as a decimal to two places).....

(v) What method was used to calculate VaR?

Historical simulation Monte Carlo simulation

Parametric Other: _____

(vi) Historical lookback period used (in number of years; enter “NA” if none used).....

(vii) VaR at the end of the 1st month of the reporting period (as a % of NAV)

(viii) VaR at the end of the 2nd month of the reporting period (as a % of NAV)

(ix) VaR at the end of the 3rd month of the reporting period (as a % of NAV)

41. Are there any risk metrics other than (or in addition to) VaR that you consider to be important to the reporting fund’s risk management?

(Select all that you consider relevant. Please respond without regard to whether you reported the metric internally or to investors. If none, “None.”)

[drop-down of risk metrics]

Other: _____

42. 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.

(You may omit a response to any market factor that you do not regularly consider in formal testing in connection with the reporting fund’s risk management. If you omit any market factor, check either the box in the first column indicating that you believe that this market

Commented [HJ22]: For Form PF, long positions have been defined as “positions whose valuation changes in the same direction as the market factor under a given stress scenario” and short positions as “positions whose valuation changes in the opposite direction from the market factor under a given stress scenario.” These definitions are opposite of market convention for credit spreads, default rates, and interest rates.

We recommend amending the definitions for long positions and short positions for these stress tests to match market convention. We suspect that many funds already report according to market convention but amending the definitions would eliminate confusion.

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factor is not relevant to the reporting fund’s portfolio or the box in the second column indicating that this market factor is relevant but not formally tested. For this purpose, “formal testing” means that the adviser has models or other systems capable of simulating the effect of a market factor on the fund’s portfolio, not that the specific assumptions outlined in the question were used in testing.)

(For each market factor, separate the effect on your portfolio into long and short components where (i) the long component represents the aggregate result of all positions whose valuation changes in the same direction as the market factor under a given stress scenario and (ii) the short component represents the aggregate result of all positions whose valuation changes in the opposite direction from the market factor under a given stress scenario.)

(Assume that changes in a market factor occur instantaneously and that all other factors are held constant. If the specified change in any market factor would make that factor less than zero, use zero instead.)

(Please note the following regarding the market factors identified below:

- (i) A change in “equity prices” means that the prices of all equities move up or down by the specified amount, without regard to whether the equities are listed on any exchange or included in any index;*
- (ii) “Risk free interest rates” means rates of interest accruing on sovereign bonds issued by governments having the highest credit quality, such as U.S. treasury securities;*
- (iii) A change in “credit spreads” means that all spreads against risk free interest rates change by the specified amount;*
- (iv) A change in “currency rates” means that the values of all currencies move up or down by the specified amount relative to the reporting fund’s base currency;*
- (v) A change in “commodity prices” means that the prices of all physical commodities move up or down by the specified amount;*
- (vi) A change in “option implied volatilities” means that the implied volatilities of all the options that the reporting fund holds increase or decrease by the specified number of percentage points; and*
- (vii) A change in “default rates” means that the rate at which debtors default on all instruments of the specified type increases or decreases by the specified number of percentage points.)*

Not relevant	Relevant/not formally	Market factor – changes in market factor	Effect on long components of portfolio (as % of NAV)	Effect on short components of portfolio (as % of NAV)
<input type="checkbox"/>	<input type="checkbox"/>	Equity prices:		
		Equity prices increase 5%		
		Equity prices decrease 5%		
		Equity prices increase 20%		
		Equity prices decrease 20%		

Commented [HJ23]: We recommend narrowing the questions to focus on scenarios of real stress. With the exception of commodity prices as a +/- 10% change could impact certain commodity funds, we think the first two thresholds are too low. We believe our recommendation would continue to provide regulators with useful information while reducing the reporting burden of registrants.

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<input type="checkbox"/>	<input type="checkbox"/>	Risk free interest rates (changes represent a parallel shift in the yield curve):		
		Risk free interest rates increase 25bp.....		
		Risk free interest rates decrease 25bp.....		
		Risk free interest rates increase 75bp.....		
		Risk free interest rates decrease 75bp.....		
<input type="checkbox"/>	<input type="checkbox"/>	Credit spreads:		
		Credit spreads increase 50bp.....		
		Credit spreads decrease 50bp.....		
		Credit spreads increase 250bp.....		
		Credit spreads decrease 250bp.....		
<input type="checkbox"/>	<input type="checkbox"/>	Currency rates:		
		Currency rates increase 5%.....		
		Currency rates decrease 5%.....		
		Currency rates increase 20%.....		
		Currency rates decrease 20%.....		
<input type="checkbox"/>	<input type="checkbox"/>	Commodity prices:		
		Commodity prices increase 10%.....		
		Commodity prices decrease 10%.....		
		Commodity prices increase 40%.....		
		Commodity prices decrease 40%.....		
<input type="checkbox"/>	<input type="checkbox"/>	Option implied volatilities:		
		Implied volatilities increase 4 percentage points.....		
		Implied volatilities decrease 4 percentage points.....		
		Implied volatilities increase 10 percentage points....		
		Implied volatilities decrease 10 percentage points....		
<input type="checkbox"/>	<input type="checkbox"/>	Default rates (<i>ABS</i>):		
		Default rates increase 1 percentage point.....		
		Default rates decrease 1 percentage point.....		
		Default rates increase 5 percentage points.....		
		Default rates decrease 5 percentage points.....		
<input type="checkbox"/>	<input type="checkbox"/>	Default rates (<i>corporate bonds</i> and <i>CDS</i>):		
		Default rates increase 1 percentage point.....		
		Default rates decrease 1 percentage point.....		

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		Default rates increase 5 percentage points		
		Default rates decrease 5 percentage points		

Item D. Financing information

43. For each month of the *reporting period*, provide the following information regarding the *value* of the *reporting fund's borrowings*, the types of creditors and the collateral posted to secure its borrowings.

(For each type of borrowing, information is requested regarding the percentage borrowed from specified types of creditors. In each case, the total percentages allocated among these types of creditors should add up to 100%.)

(Do not net out amounts that the reporting fund loans to creditors or the value of collateral pledged to creditors.)

	<u>2nd</u> <u>Quart</u> <u>er 1st</u> <u>Month</u>	<u>4th</u> <u>Quart</u> <u>er 2nd</u> <u>Month</u>	<u>3rd</u> <u>Month</u>
(a) Dollar amount of <i>unsecured borrowing</i>			
(i) Percentage borrowed from <i>U.S. financial institutions</i>			
(ii) Percentage borrowed from <i>non-U.S. financial institutions</i>			
(iii) Percentage borrowed from <i>U.S. creditors that are not financial institutions</i>			
(iv) Percentage borrowed from <i>non-U.S. creditors that are not financial institutions</i>			
(b) <i>Secured borrowing</i> . (Classify secured borrowing according to the legal agreement governing the borrowing (e.g., <i>Global Master Repurchase Agreement</i> for reverse repo and <i>Prime Brokerage Agreement</i> for prime brokerage). Please note that for reverse repo borrowings, the amount should be the net amount of cash borrowed (after taking into account any initial margin/independent amount, 'haircut' and repayments). Positions under a <i>Global Master Repurchase Agreement</i> should not be netted.)			
(i) Dollar amount via prime brokerage.....			
(A) value of collateral posted in the form of <i>cash and cash equivalents</i>			
(B) value of collateral posted in the form of securities (other than <i>cash and cash equivalent</i> instruments) ...			
(C) value of other collateral and credit support posted (including face amount of letters of credit and similar third party credit support)			

Commented [HJ24]: We recommend deleting the questions regarding creditors that are not financial institutions, because private funds almost never receive unsecured lending. This is because the purpose of the financing is to leverage purchases or sales of financial products, and non-financial institutions are not in a position to easily and quickly secure collateral. As the SEC's Private Funds Statistics show, the amount borrowed from non-financial creditors is so low that it is insignificant (between 0 to 0.4 of a percent).

Nevertheless, by deleting the sentence specifying that the percentages should add up to 100%, to the extent a fund borrows from a non-financial institution, the Commission will be able to deduct the level of such borrowing.

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	(D) percentage borrowed from <i>U.S. financial institutions</i>		
	(E) percentage borrowed from <i>non-U.S. financial institutions</i>		
	(F) percentage borrowed from U.S. creditors that are not financial institutions		
	(G) percentage borrowed from non U.S. creditors that are not financial institutions		
	(ii) Dollar amount via <i>reverse repo</i> (for purposes of items (A) through (D) below, include as collateral any assets sold in connection with the reverse repo as well as any variation margin)		
	(A) value of collateral posted in the form of <i>cash and cash equivalents</i>		
	(B) value of collateral posted in the form of securities (other than <i>cash and cash equivalent</i> instruments) ...		
	(C) value of other collateral and credit support posted (including face amount of letters of credit and similar third party credit support)		
	(D) percentage borrowed from <i>U.S. financial institutions</i>		
	(E) percentage borrowed from <i>non-U.S. financial institutions</i>		
	(F) percentage borrowed from U.S. creditors that are not financial institutions		
	(G) percentage borrowed from non U.S. creditors that are not financial institutions		
	(iii) Dollar amount of other <i>secured borrowings</i>		
	(A) value of collateral posted in the form of <i>cash and cash equivalents</i>		
	(B) value of collateral posted in the form of securities (other than <i>cash and cash equivalent</i> instruments) ...		
	(C) value of other collateral and credit support posted (including face amount of letters of credit and similar third party credit support)		
	(D) percentage borrowed from <i>U.S. financial institutions</i>		
	(E) percentage borrowed from <i>non-U.S. financial</i>		

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<i>institutions</i>		
(F) percentage borrowed from U.S. creditors that are not financial institutions.....		
(G) percentage borrowed from non U.S. creditors that are not financial institutions.....		

	1st Month	2nd Month	3rd Month
44. For each month of the reporting period, provide the aggregate value of all derivatives positions of the reporting fund (enter "NA" if no outstanding derivatives positions at the end of the relevant period)....			

Commented [HJ25]: We think Q44 should be deleted as it is duplicative of Q13. Q44 also asks for derivatives positions by month. However, as the SEC's Private Fund Statistics show, the data does not change much from quarter to quarter. As such, we do not believe the data from Q44 provided on a monthly basis provides additional value than the information from Q13. Yet, providing the data increases the burden on managers.

	1st Month	2nd Month	3rd Month
45. For each month of the reporting period, provide the following information regarding the reporting fund's derivative positions that were not cleared by a CCP and the collateral posted to secure those positions. (If the reporting fund is a net receiver of collateral, provide the collateral value as a negative number.)			
(a) Aggregate net mark-to-market value of all derivatives positions of the reporting fund that were not cleared by a CCP (enter "NA" if no relevant derivatives positions outstanding at the end of the relevant period).....			
(b) Net value of collateral posted by or to the reporting fund in respect of these positions in the form of cash and cash equivalents			
(c) Net value of collateral posted by or to the reporting fund in respect of these positions in the form of securities (other than cash and cash equivalent instruments)			
(d) Net value of other collateral and credit support posted by or to the reporting fund in respect of these positions (including face amount of letters of credit and similar third party credit support)			

Commented [HJ26]: Since the Dodd-Frank Act was passed, federal regulators have adopted robust capital and margin requirements for dealers. As such, there are more controls and uniformity of practice with respect to collateral. We wonder if this question continues to provide helpful information given the regulatory changes, and are interested in learning what the Commission is trying to understand through this question.

46. Financing liquidity:	
(a) Provide the aggregate dollar amount of borrowing by and cash financing available to the reporting fund (including all drawn and undrawn, committed and uncommitted lines of credit as well as any term financing)	
(b) Divide the amount reported in response to Question 46(a) among the periods specified below depending on the longest period for which the creditor is contractually committed to provide such financing. (If a creditor (or syndicate or administrative/collateral agent) is permitted to vary unilaterally	

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the economic terms of the financing or to revalue posted collateral in its own discretion and demand additional collateral, then the financing should be deemed uncommitted for purposes of this question. Uncommitted financing should be included under "1 day or less."
(The total should add up to 100%.)

	% of total financing
1 day or less	
2 days – 7 days.....	
8 days – 30 days	
31 days – 90 days	
91 days – 180 days	
181 days – 365 days.....	
Longer than 365 days.....	

47. Identify each creditor, if any, to which the *reporting fund* owed an amount in respect of *borrowings* equal to or greater than 5% of the *reporting fund's net asset value* as of the *data reporting date*. For each such creditor, provide the amount owed to that creditor.
(This question does not require the precise legal name of the creditor; if the creditor belongs to an affiliated group that is included in the list below, select that group and do not enter the creditor's name in the space for "other.")

Name of creditor	Dollar amount owed to each creditor
[drop-down list of creditor/counterparty names] Other: _____	<input type="text"/>
[repeat drop-down list of creditor/counterparty names] Other: _____	<input type="text"/>
[repeat drop-down list of creditor/counterparty names] Other: _____	<input type="text"/>

Item E. Investor information

48. (a) ~~As of the data reporting date, what percentage of the reporting fund's net asset value, if any, is subject to a "side pocket" arrangement?~~
~~(This question relates to whether assets are currently in a side pocket and not the potential for assets to be moved to a side pocket.)~~
- (b) ~~Have additional assets been placed in a side pocket since the end of the prior~~

Commented [HJ27]: We recommend deleting this question to simplify and reduce burdens associated with Form PF as we do not believe it is relevant for evaluating systemic risk.

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reporting period?

(Check "NA" if you reported no assets under Question 48(a) in the current period and/or the prior period.)

Yes

No

NA

49. Provide the following information regarding the *reporting fund's* restrictions on investor withdrawals and redemptions.

(For Questions 49 and 50, please note that the standards for imposing suspensions and restrictions on withdrawals/redemptions may vary among funds. Make a good faith determination of the provisions that would likely be triggered during conditions that you view as significant market stress.)

(a) Does the reporting fund provide investors with withdrawal/redemption rights in the ordinary course? Yes No

(If you responded "yes" to Question 49(a), then you must respond to Questions 49(b)-(e).)

As of the data reporting date, what percentage of the reporting fund's net asset value, if any:

- (b) May be subjected to a suspension of investor withdrawals/redemptions by an adviser or fund governing body *(this question relates to an adviser's or governing body's right to suspend and not just whether a suspension is currently effective)*.....
- (c) May be subjected to material restrictions on investor withdrawals/redemptions (e.g., "gates") by an adviser or fund governing body *(this question relates to an adviser's or governing body's right to impose a restriction and not just whether a restriction has been imposed)*
- (d) Is subject to a suspension of investor withdrawals/redemptions *(this question relates to whether a suspension is currently effective and not just an adviser's or governing body's right to suspend)*
- (e) Is subject to a material restriction on investor withdrawals/redemptions (e.g., a "gate") *(this question relates to whether a restriction has been imposed and not just an adviser's or governing body's right to impose a restriction)*

50. Investor liquidity (as a % of net asset value):

(Divide the reporting fund's net asset value among the periods specified below depending on the shortest period within which investors are entitled, under the fund documents, to withdraw invested funds or receive redemption payments, as applicable. Assume that you would impose gates where applicable but that you would not completely suspend withdrawals/redemptions and that there are no redemption fees. Please base on the notice period before the valuation date rather than the date proceeds would be paid to investors.)

(The total should add up to approximately 100%.)

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	% of NAV locked for
1 day or less	
2 days – 7 days.....	
8 days – 30 days	
31 days – 90 days	
91 days – 180 days	
181 days – 365 days.....	
Longer than 3ys.....	