January 15, 2026

Via Electronic Mail: chairmanselig@cftc.gov

The Hon. Chairman Selig
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: MFA Regulatory Priorities

Dear Chairman Selig:

MFA[1] congratulates you on your recent appointment as Chairman of the Commodity Futures Trading Commission (the "**CFTC**" or "**Commission**"), leading the Commission in administering and enforcing the Commodity Exchange Act ("**CEA**") and the rules thereunder. We very much appreciate the productive dialogue that we have had with the Commission and its Staff historically, and we welcome your leadership and look forward to serving as a resource to you and the Commission.

The Commission under the new Administration has a prime opportunity to support U.S. economic growth and the financial well-being of all Americans by finetuning and reducing duplicative, redundant regulations that unnecessarily increase costs and burdens on registrants and investors. MFA members regularly manage complex, multi-entity strategies, often on a global basis, to serve institutional and ultra-high net worth investors including pensions, foundations and endowments. Many MFA members are registered with multiple regulators, including with Securities and Exchange Commission ("**SEC**") as investment advisers, and with the CFTC as commodity pool operators ("**CPOs**") and/or commodity trading advisors ("**CTAs**") or subject to CFTC regulations as market participants exempt from registration. The Commission under the Trump Administration should continue to reduce regulatory overhang and update regulations and policies that have proven ill-conceived, harming markets, investors, and the economy.

You arrive at the Commission at an exciting time. The opportunity to provide regulatory clarity for investors that want to use digital assets is vital as these markets develop. Eliminating needlessly duplicative registration and compliance requirements that exceed the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection

[1] Managed Funds Association ("**MFA**"), based in Washington, DC, New York City, Brussels, and London, represents the global alternative asset management industry. MFA's mission is to advance the ability of alternative asset managers to raise capital, invest it, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 180 fund manager members, including traditional hedge funds, private credit funds, and hybrid funds, that employ a diverse set of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors diversify their investments, manage risk, and generate attractive returns throughout the economic cycle.

Act of 2010 ("**Dodd-Frank**" or the "**Dodd-Frank Act**")[2] would have an immediate benefit to private fund investors. We look forward to working with the Staff to implement more permanent rule changes in furtherance of recent no-action relief.[3] MFA welcomes the redoubled regulatory cooperation between the Commission and the SEC and we support greater harmonization between the two agencies to reduce inefficiencies and eliminate overlapping or conflicting requirements.[4]

We also recommend that the Commission take steps to address impediments to competitive, efficient, and transparent trading of important risk management instruments. Specifically, certain outdated designated contract market ("**DCM**") rules effectively prohibit the electronic trading of certain invoice spread packages on regulated swap execution facilities ("**SEFs**"), despite strong market demand. The Commission can also enhance liquidity in the derivatives markets that support the U.S. Treasury clearing initiative by enabling cross-margining. These are just a few of the ways the Commission can promote key objectives of the President to promote capital formation, enhance the American economy, and promote efficiency and integrity of the financial markets.

MFA appreciates the guidance provided to the Commission and other agencies through the 2025 Presidential Executive Orders regarding a Regulatory Freeze ("**Regulatory Freeze EO**")[5] and Ensuring Lawful Governance ("**Ensuring Lawful Governance EO**"[6] and, together with the Regulatory Freeze EO, the "**Executive Orders**"). We also appreciate the efforts of the previous Acting Chairman to streamline existing requirements and provide needed clarity to market participants. Pursuant to the President's Executive Orders, we encourage the Commission to continue to review and reevaluate rules that impose significant, unjustified costs and burdens on investors and other market participants. In particular, we urge the Commission to continue and redouble its efforts to halt, review, and provide relief from the regulations and underlying policies outlined in the letter below to reduce costs and burdens on market participants and improve the efficiency of the financial markets consistent with the President's Executive Orders.

Our recommended CFTC policy changes would:

- Promote capital formation and enhance the American economy

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2 Pub. L. 111-203, 124 Stat. 1376 (July 21, 2010), avail. at: http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/html/PLAW-111publ203.htm.

3 *See* note 9 and related text, *infra*.

4 MFA is supportive of forums such as the September 2025 SEC-CFTC roundtable on regulatory harmonization. *See* Letter from Bryan Corbett, MFA President and CEO, to CFTC Chairman Caroline Pham and SEC Chairman Paul Atkins (Sept. 29, 2025), avail. at https://www.mfaalts.org/letter/mfa-sends-letter-on-sec-cftc-roundtable/.

5 *See* Presidential Executive Order, Regulatory Freeze Pending Review (Jan. 20, 2025), avail. at: https://www.whitehouse.gov/presidential-actions/2025/01/regulatory-freeze-pending-review/.

6 *See* Presidential Executive Order, Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative (Feb. 19, 2025), avail. at: https://www.whitehouse.gov/presidential-actions/2025/02/ensuring-lawful-governance-and-implementing-the-presidents-department-of-government-efficiency-regulatory-initiative/.

- Improve the efficiency and the integrity of the financial markets
- Lower costs for investors and market participants
- Streamline federal regulations and eliminate unnecessary and overreaching regulations
- Reduce waste and promote innovation

MFA members favor smart, right-sized, and effective regulation of derivatives and digital assets markets and market participants. We also have a strong interest in thoughtful and efficient regulation of private fund managers that leverages the strong risk management controls these managers employ and recognizes the sophistication and diligence of their investor base. We have long sought to provide constructive input to the CFTC's regulatory processes with a view toward improving proposed regulations and making them more efficient for market participants and their investors.[7]

Now is an apt time to assess how various rulemakings are working – for private fund managers, their investors, and the broader markets. The same is doubly true for prior CFTC rulemakings that were *not* mandated by Congress but still pursued by the Commission. Included in this effort are rule revisions that have imposed a new, largely duplicative regulatory regime for CPOs offering private fund shares to sophisticated qualified eligible persons ("**QEPs**") in a nonpublic offering under the Securities Act of 1933 ("**Securities Act**").[8]

We commend the Commission for taking an important initial step to eliminate duplicative, overlapping, and conflicting regulatory requirements by reinstating a previous exemption for CPOs and CTAs in CFTC Staff Letter No. 25-50 (the managers, "**QEP Managers**", and the Staff no-action letter, the "**QEP Exemption Letter**").[9] The QEP Exemption Letter exempts from CPO and CTA registration managers of pools that offer interests solely to QEPs through a non-public offering. This action promises meaningful benefits to investors. Recognizing that this relief represents a first step, we urge the Commission to prioritize formalizing the relief through rulemaking and look forward to working constructively with the Commission to achieve this objective. We encourage the Commission to partner with the SEC (together with the CFTC, the "**Commissions**") leadership to eliminate overlapping, duplicative regulatory requirements to, as SEC Chairman Atkins recently stated, work "hand in glove" with the CFTC to "make sure that the two agencies are

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7 We also have been supportive of the CFTC's efforts over the years to rethink its regulations and practices to make them simpler, less burdensome, and less costly. *See, e.g.*, Letter from MFA to CFTC Secretary Kirkpatrick re: Project KISS (Sept. 29, 2017), avail. at https://www.mfaalts.org/wp-content/uploads/2020/04/MFA-Proj.KISS_.final_.appendix.9.29.17.pdf.

8 The CFTC registration exemption under section 4.13(a)(4) provides relief from CPO registration for a CPO if the interests in the pool are exempt from registration under the Securities Act and the participants are all QEPs, i.e., highly sophisticated investors. The Commission adopted section 4.13(a)(4) and other provisions providing relief from registration in 2003 —to encourage and facilitate participation in the commodity interest markets by additional collective investment vehicles and their advisers, with the added benefit to all market participants of increased liquidity. *See infra* note 13, at 47223. We appreciate that the CFTC Staff has granted MFA the no-action relief requested in the MFA Request Letter. As discussed above, we respectfully urge you to direct the Staff to embark on this important rulemaking as soon as practicable.

9 CFTC, Staff No-Action Letter 25-50 (Dec. 19, 2025), avail. at https://www.cftc.gov/csl/25-50/download.

completely in sync."[10]

The CFTC also should review and right-size the data required of registrants and market participants. The CFTC has access to more trade and position data than ever before, through mandatory clearing, transaction-based reporting, and large position reports, among others. In addition, the CFTC requires, alongside the SEC and National Futures Association ("**NFA**"), voluminous and redundant amounts of data on a quarterly basis. Now is the appropriate time for the Commission and other regulators to streamline data reporting and eliminate redundancies given the attendant and ongoing costs.

Alternative asset managers are considerable drivers of economic growth in the U.S. and abroad and are important institutional investors in the global financial ecosystem. Alternative asset managers facilitate price improvement, make markets more efficient and enhance liquidity, particularly during stressed markets. Years of regulatory overreach beyond the obligations imposed by Dodd-Frank has resulted in excessive and redundant regulations that impose significant burdens on registrants with little added protection and value to markets and investors.

Executive Summary

The Commission has a unique opportunity to address many of the inefficient and unwarranted regulatory burdens and substitute them with efficient, narrowly-tailored, and thoughtful regulations. MFA raises several recommendations for regulatory improvements that we believe will help the Commission achieve its regulatory objectives while making regulation simpler, more effective, and less burdensome.

We urge the CFTC to take the following actions to promote capital formation, improve regulatory efficiency, and reduce waste:

CPOs and CTAs

- Codify CFTC Staff No-Action letter 25-50 through formal rulemaking to reinstate the previous CPO exemption for operators of pools that are offered only to individuals and entities that satisfy the QEP standard in Rule 4.7 or the accredited investor standard under the SEC's Regulation D (the "**QEP Exemption**").

Cross-Divisional

- Facilitate full electronic trading of invoice spreads through targeted no-action relief and/or appropriate direction to the relevant exchanges.
- Adopt the recent proposal regarding cross-margin initiative between the Chicago Mercantile Exchange ("**CME**") and Fixed Income Clearing Corporation ("**FICC**") and work with regulators to facilitate cross-

[10] Paul Atkins, Chairman, U.S. Securities and Exchange Commission, Interview by Maria Bartiromo, Mornings with Maria, Fox Business Network (July 17, 2025), avail. at https://www.foxbusiness.com/video/6375750459112.

margining across additional asset classes such as the Options Clearing Corporation ("**OCC**"). There remain additional opportunities to further partner with the SEC to expand cross-margining to reduce margin and collateral expenses for market participants.

- Work with the SEC to allow in limited circumstances an extended fiscal year audit for funds that launch or close mid-year.

Data Reporting and Security

- Partner with the SEC to streamline Form PF ("**Form PF/PQR**") by appropriately returning to the Form's original, intended purpose: to provide regulators with information needed for them to monitor potential systemic risk issues.
- Redouble efforts to maintain security over data that is filed with the Commission.

A. Rationalize CPO and CTA Regulation by Eliminating Unnecessary CPO Registration Requirements and Investor Expenses

1. The CFTC should formally reinstate the QEP Exemption from CPO registration (Previously Rule 4.13(a)(4))

MFA commends the Commission for taking an important initial step to eliminate duplicative, overlapping, and conflicting regulatory requirements by reinstating the QEP Exemption in the QEP Exemption Letter. As stated above, this action will greatly benefit investors by reducing costs associated with unnecessary and duplicative regulatory burdens. The QEP Exemption Letter exempts from CPO and CTA registration QEP Managers and is a critical first step. The QEP Exemption Letter appropriately recognized that investment managers to private funds that seek investment from institutions do not warrant duplicative, redundant regulation created by CFTC/NFA regulation in addition to SEC investment adviser registration.[11] We recognize, however, that this letter was intended as an important first step, and urge the CFTC and its Staff to prioritize codifying the QEP Exemption through formal rulemaking.

The QEP Exemption was rescinded in 2012.[12] In the decade-plus period since the CFTC rescinded QEP Exemption, it has become abundantly clear that removing this exemption was inappropriate and ill-considered. The structures of pools managed by today's global asset managers are exceedingly complex, often comprised of several different entities globally. As the CFTC previously recognized through enactment of the QEP Exemption, the federal securities laws, not the CPO regulatory framework, are appropriately designed to regulate these complex relationships. Imposing multiple additional layers of regulation on these asset managers levies significant costs on investors and has failed to yield measurable corresponding benefits.

11 *See supra* note 9.

12 Commodity Pool Operators and Commodity Trading Advisors: Compliance Obligations, 77 FR 11252 (Feb. 24, 2012), avail. at https://www.govinfo.gov/content/pkg/FR-2012-03-26/pdf/C1-2012-3390.pdf.

The Commission originally adopted the QEP Exemption in 2003 to encourage and facilitate participation in the commodity interest markets by additional collective investment vehicles and their advisers, with the added benefit to all market participants of increased liquidity.[13] The repeal of the QEP Exemption requires advisers to register as CPOs and CTAs with the CFTC (unless otherwise exempt) and subjects them to NFA membership, regulation, and oversight. Imposition of these additional regulatory regimes creates additional burdens and disincentives SEC-regulated managers from use derivatives as part of an investment strategy.

The CFTC, over thoughtful industry objection,[14] rescinded the QEP Exemption without proper consideration or analysis. Notably, this change was not mandated under Dodd-Frank or otherwise. The U.S. is unique among securities regulators in that it imposes a competitively disadvantageous, duplicative registration and regulatory regime on asset managers. The CFTC has an opportunity to reconsider this redundant approach, consistent with the Trump Administration's regulatory objectives and mandate.

The CFTC coupled eliminating the QEP Exemption in tandem with a determination that, for the first time, the de minimis exemption in Rule 4.13(a)(3) (discussed below) be applied to each entity within a multi-entity fund structure. The result of this novel interpretation of a longstanding regulatory exemption renders a skewed and inaccurate view of the exposure levels to commodity interests in an overall fund structure. Attention must be given to reverting the Commission's view of the 4.13(a)(3) de minimis exemption as the CFTC moves to more permanently reinstate the QEP Exemption.

The CFTC has now had a dozen years' experience regulating SEC-registered advisers (that previously relied upon, or could have relied upon, the QEP Exemption) as CPOs and CTAs, and rescission of the QEP Exemption is important. The QEP Exemption has proven costly and burdensome and has not improved the regulatory oversight of private funds. MFA further notes that the CFTC's and NFA's rules were historically drafted principally for sell side firms such as futures commission merchants and introducing brokers, or commodity pools offered to retail investors that were principally invested in commodity interests, and many have proven ill-fitting for alternative asset managers engaged in diverse and global strategies for sophisticated investors.

We greatly appreciate and support the Staff and Acting Chairman Pham's issuance of the QEP Exemption Letter. We recognize, however, that the letter was designed as an interim step to formal reinstatement of the QEP Exemption. We therefore urge the Commission to prioritize this rulemaking.

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13 *See* Additional Registration and Other Regulatory Relief for Commodity Pool Operators and Commodity Trading Advisors; Past Performance Issues, 68 FR 47221 (Aug. 8, 2003), at n. 14 and related text (internal citations omitted), avail. at: https://www.cftc.gov/sites/default/files/files/foia/fedreg03/foi030808a.pdf.

14 MFA and several other groups commented in opposition of the CFTC's unnecessary revocation of the QEP Exemption. *See, e.g.*, Letter from Stuart J. Kaswell, Executive Vice President & Managing Director, General Counsel, MFA, to David A. Stawick, Secretary, CFTC (Apr. 12, 2011), on Proposal to Rescind Sections 4.13(a)(3) and (a)(4) (avail. at https://www.cftc.gov/sites/default/files/idc/groups/public/@swaps/documents/dfsubmission/dfsubmission_051911_791_1.pdf).

Rulemaking is necessary to adopt a more durable and longstanding solution that provides clarity and certainty for QEP Managers and private fund investors.[15] Formal rulemaking will better allow QEP Managers to realign compliance, technology, and staffing resources appropriately. Formal rulemaking also lessens the risk of the QEP Exemption being undone by a future Commission. The industry is not well-served with a vacillating application or disapplication of a completely separate regulatory regime with each new administration.[16] MFA looks forward to supporting Commission rulemaking to more permanently reinstate the QEP Exemption.

B. Cross-Divisional Initiatives

1. Facilitate electronic trading of invoice spreads

Technological advancements have driven significant growth in the electronic trading of interest rate swaps, including package transactions composed of an interest rate swap and one or more other instruments. This transition to electronic trading has delivered material benefits to investors through improved liquidity, lower transaction costs, and increased operational efficiency. However, despite broad market demand, invoice spread packages composed of an interest rate swap and a Treasury future have been blocked from trading electronically due to an outdated rule on one designated contract market that prohibits the interest rate swap leg of the package from being traded on a swap execution facility registered with the Commission.

MFA therefore recommends the Commission take appropriate action, which could include targeted no-action relief and/or directing the relevant futures exchanges to take necessary action, to enable invoice spread packages to be traded over-the-counter electronically, competitively, and transparently. Electronic trading of invoice spreads is necessary to facilitate the continued growth and development of this important market segment in the United States. This will allow market participants to transact in a more efficient, transparent, and competitive manner. It will also facilitate the continued growth and development of this important market segment in the United States, as opposed to it moving offshore to non-U.S. domiciled trading venues.

2. Explore cross-margin initiatives with SEC for cross-margining between the CME and FICC, and in other asset classes

MFA supports CFTC action to broaden the availability of cross-margining across market centers to allow market participants to facilitate more efficient risk management practices by firms. Cross-margining currently is available under CFTC and SEC orders only with respect to direct participants of FICC, not to indirect participants. Many market participants that could benefit considerably from cross-margining are indirect FICC participants and rely on a direct participant of FICC to engage in cleared repurchase and reverse repurchase transactions (collectively, "**Repo Transactions**").

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15 Letter from Jennifer W. Han, Chief Legal Officer & Head of Regulatory Affairs, MFA, to Thomas Smith, Acting Director, MPD, CFTC (Dec. 17, 2025), avail. at https://www.cftc.gov/csl/25-50/request_letter/0/download.

16 *See id.*

We applaud the Commission's recent proposed order to provide exemptive relief under the CEA, permitting joint clearing members of the CME and FICC that are dually registered as broker-dealers and FCMs to hold futures customer funds in a commingled customer account at FICC.[17] This CFTC proposed order aims to facilitate cross-margining of customer positions in U.S. Treasury securities and related futures, thereby reducing margin costs and increasing clearing efficiency. These benefits would be achieved while maintaining robust customer protections through segregation, bankruptcy treatment, and regulatory oversight. MFA agrees with the CFTC's preliminary assessment that the proposed framework would not materially increase risks to participating or non-participating customers and would support financial stability by lowering the cost of central clearing for Treasury securities transactions.[18]

We encourage the CFTC to explore expanding cross-margining availability to indirect participants of the FICC, in addition to direct participants. Parties that are indirect participants of FICC should be permitted to cross margin FICC-cleared Repo Transactions against interest rate derivatives that are cleared on a CFTC-registered clearing house. The CFTC furthermore is encouraged to permit indirect participants to engage in cross-margining for trades made on the CME and trades cleared by the OCC.

The Commissions have long recognized the benefits of cross-margining programs.[19] Expanding FICC and CME cross-margining programs to indirect participants would lower the costs of clearing to indirect participants and enhance market efficiencies more generally by permitting participants to calculate risk-based margin requirements across correlated positions that are cleared at different clearinghouses. This is particularly important considering the significant increase in transactions in U.S. Treasury securities that would be cleared by FICC because of the treasury clearing rules and the number of indirect participants engaging in U.S. Treasury Repo Transactions that will subject to mandatory clearing under the Treasury Clearing Rules.

The unavailability of customer cross-margining could lead to deterioration in market liquidity at a critical moment as the entire ecosystem prepares for mandatory clearing in the U.S. Treasury markets. It therefore is essential that the Commission, in partnership with the SEC, urge the CME, FICC, and OCC to expedite their plans around expanding cross-margining.[20] The OCC for example has stated that it introduced cross-margining over 30 years ago "to

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17 Proposal to Provide Exemptive Relief to Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation, 90 Fed. Reg. 58525 (Dec. 17, 2025).

18 *Id.*

19 *See, e.g.*, SEC Release No. 34-98327, pp. 9-10 (Sept. 8, 2023) (noting that the Commission "has historically supported and approved cross-margining at clearing agencies and has recognized the potential benefits of cross-margining systems, which include freeing capital through reduced margin requirements, reducing clearing costs by integrating clearing functions, reducing clearing agency risk by centralizing asset management, and harmonizing liquidation procedures" and that cross-margining programs "enhance member liquidity and systemic liquidity both in times of normal trading and in times of market stress by reducing margin requirements for members, which could prove crucial in maintaining member liquidity during periods of market volatility, and enhancing market liquidity as a whole").

20 FICC's rules should take a risk-based approach to setting a minimum requirement for any indirect participant based on that participant's particular risk profile, including its planned and historical clearing activity. Given the generally smaller

reduce systemic market risk by recognizing the offsetting value of hedged positions maintained by firms at multiple clearinghouses" and that allowing for intermarket hedges can "enhance firms' liquidity and financing capabilities through reduced initial margin requirements, fewer margin variations and smaller net settlements."[21] MFA suggests that the benefits the OCC cited then hold true today and we encourage the CFTC to work with the SEC to broaden the availability of cross-margining for indirect market participants.

3. Allow in limited circumstances an extended fiscal year audit for funds that launch or close mid-year

We encourage the CFTC to work with the SEC to allow, in limited circumstances and upon investor approval, to adjust the timeframe for which audited financial statements are required for a fund that launches or closes within 90 days of the end of the calendar year.[22] The goal of such a limited adjustment, again, provided investor approval, would be to reduce instances where fund investors must pay for a second audit that covers a "stub" period of 90 days or less before or after the end of the calendar year. Funds that launch or close mid-year face an added penalty – paid by fund investors – in the form of partial year audit expenses. A fund that launches in October of a given year, for example, must undergo an annual audit for that two-month period between October and December 31, even though its financial operations at that time are likely to be limited.

We do not support the longstanding requirement for the fund to provide an additional, separate audit for this two-month period (unless fund investors disapprove of a proposal to forego the second audit covering the stub period). Fund investors pay the audit expenses, even though at this point in a fund's lifespan, there is little to audit. The same is true for a fund that is winding down operations mid-year. When a fund closes, regardless of the reason, it currently is required to provide audited financial statements for the period from the last calendar-year end to its last month of operations, even if that stub period consists of one or two months, whether or not investors want to pay for the second audit.

MFA recommends that the CFTC work with the SEC to provide fund investors with an opportunity for relief, if fund investors approve, from having to undergo an additional financial statements audit if the stub period is less than 90 days. The final audited financial statements would include the stub period in addition to the calendar year audit. Anything 90 days or longer would require a standard financial statement audit, consistent with existing requirements. We further recommend that the CFTC require delivery of audited financials within 120 days after the end of the period

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portfolios and activity levels exhibited by indirect participants relative to direct participants and the additional credit support FICC receives for indirect participants via the guarantees provided by their direct participants, the current minimum amounts are artificially high and discourage smaller indirect participants from selecting a segregated clearing model.

21 OCC, Cross-Margin Programs, https://www.theocc.com/risk-management/cross-margin-programs (visited June 23, 2025).

22 While we appreciate that the Commission previously has attempted to provide relief to CPOs regarding stub period audit expenses, the conditions imposed upon such audit relief are unduly narrow, rendering the relief in many circumstances unattainable. CFTC, Commodity Pool Operator Financial Report, 81 FR 85147 (Nov. 25, 2016), avail. at https://www.cftc.gov/sites/default/files/idc/groups/public/@lrfederalregister/documents/file/2016-28388a.pdf.

subject to the audit, versus the current 90 days to align with the delivery requirements of Investment Advisers Act of 1940 ("**Advisers Act**") Rule 206(4)-2 (the custody rule).[23]

C. CFTC Data Reporting Reform Opportunities

1. Partner with the SEC to return Form PF/PQR to its original, statutorily-mandated purpose: to assess potential systemic risk

The current reporting regime subjects SEC-registered investment managers to two similar but slightly different regulatory filing frameworks with the SEC and the CFTC. We urge the Commission to unify and streamline potential systemic risk reporting with the SEC.

MFA urges the Commissions and the Financial Stability Oversight Council ("**FSOC**") to work together to revise Form PF/PQR to more closely fit its systemic-risk assessment purpose,[24] consistent with the authority granted under the Dodd-Frank Act. Dodd-Frank originally mandated the creation of Form PF/PQR primarily to "facilitate [FSOC] monitoring of systemic risk in [U.S.] financial markets" and to "provide empirical data to FSOC with which it may make a determination about the extent to which the activities of private funds or their advisers pose such risk."[25] With multiple amendments over the years, regulators' desire for more data – seemingly solely for the sake of "more" – has caused the Form PF/PQR to drift far beyond its original statutory mandate.

Form PF/PQR has been revised several times just in the past several years to collect ever-greater information from private fund advisers, seemingly irrespective of the burdens, practicality, or systemic utility of the reported data.[26] Recent amendments to Form PF/PQR have focused on a range of conflicts-related issues that not only are appropriately addressed through existing regulatory regimes and fiduciary obligations, but also have little to do with systemic risk. While these more recent amendments partly may be attributable to an attempt to overlay a retail-oriented reporting regime on private funds, the revised Form PF/PQR remains slated to go into effect. A much-needed delay has been granted to allow managers to upgrade technology and systems to prepare for the new, granular data fields, but this delay is not indefinite.

MFA has long supported an effort to better tailor Form PF/PQR to address its primary intended purpose. During the last Trump Administration, we worked with the SEC and the CFTC on a project to revise Form PF/PQR, which began

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23 Advisers Act Rule 206(4)-2(b)(4)(i).

24 Section 406 of the Dodd-Frank Act.

25 Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 FR 71128 (Nov. 16, 2011), https://www.sec.gov/rules/final/2011/ia-3308.pdf at 8; *see also id. a*t 17 ("Form PF is primarily intended to assist FSOC in its monitoring obligations under the Dodd-Frank Act ….").

26 *See, in particular*, Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers, 87 Fed. Reg. 53832 (Sep. 1, 2022), avail. at https://www.govinfo.gov/content/pkg/FR-2022-09-01/pdf/2022-17724.pdf; Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements for Large Private Equity Advisers and Large Liquidity Fund Advisers, 87 Fed. Reg. 9016, avail. at: https://www.govinfo.gov/content/pkg/FR-2022-02-17-01976.pdf.

more than a decade ago. We urge the Commissions to resume the project and eliminate or revise questions in Form PF/PQR that are unnecessarily burdensome and/or provide information of limited value. We believe the Commissions' recent amendments failed to provide an adequate cost-benefit analysis and fundamentally rewrote Form PF/PQR in ways that are inconsistent with the underlying statutory authority and will lead to the collection of less meaningful information while significantly increasing the burdens on reporting advisers.

Accordingly, we believe the Commission should, together with the SEC, revisit new Form PF/PQR with the goal of streamlining the requirements to make the form more consistent with its intended purpose and reduce the burdens on reporting advisers. Among other things, the Commissions should amend new Form PF/PQR to:

- Focus the data collection on information that is relevant to potential systemic risk assessment and not readily attainable from other sources.
- Permit aggregated reporting and better align data requests with risk management practices to collect meaningful and accurate data.
- Narrow the scope of sensitive information collected on Form PF/PQR given cybersecurity and other risks that could result from inadvertent disclosures of Form PF/PQR information.
- Reconsider its uses of the "hedge fund" definition and distinguish between open-end and closed-end funds and permit advisers to report information on Form PF/PQR in a manner that best represents the type of fund and the type of reporting that is most relevant to the fund.

MFA has recently submitted a detailed letter to the SEC Staff outlining areas of reform for PF/PQR to pare back areas of the form that are not reasonably related to systemic risk issues,[27] or that are excessively burdensome and unnecessary. We also have recommended the addition of several questions to more accurately capture data for private credit funds. We urge the Commission to work with the SEC Staff regarding Form PF/PQR reform.

2. Enhance data security and treatment of confidential information

MFA urges the Commission to continue using the subpoena process when it has a legitimate regulatory need for a registrant's confidential, commercially valuable intellectual property, and to enhance its policies and procedures for protecting such information. MFA and its members are concerned about the high risk and threat of cyberespionage and data security at regulatory agencies, a fact brought into clearer focus with recently publicized cybersecurity attacks.[28]

[27] Letter from Jennifer W. Han, Chief Legal Officer & Head of Regulatory Affairs, MFA, to Brian Daly, Director, Division of Investment Management, SEC, and Tom Smith, Acting Director, Market Participants Division, CFTC (Dec. 22, 2025), avail. at MFA-Letter-with-Recommendations-for-Revamping-Form-PF-As-submitted-12.22.25.pdf.

[28] *See* Office of the Comptroller of the Currency, OCC Reports Security Incident Involving Email System, News Rel. 2025-13 (Feb. 26, 2025) (avail. at https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-13.html). *See also, e.g.*, Elizabeth Allen, *Hackers Secretly Spied on U.S. Bank Regulators for Over a Year*, TFPP Wire (Apr. 8, 2025), avail. at https://tfppwire.com/hackers-spy-on-regulator-emails-for-over-a-year/; Sensitive Financial Data Accessed in US Bank Watchdog Attack, The Register (Apr. 9, 2025), avail. at https://www.theregister.com/2025/04/09/occ_bank_email_hack/.

The Commission should adopt a policy to refrain from asking for highly confidential and commercially valuable intellectual property from a registrant or market participant unless absolutely necessary and have a tiered process in place to ensure it only seeks information that is actually needed. When it asks for such information, it should be through a Commission issued subpoena. The Commission should also have special procedures for protecting such information.[29]

Information security vulnerabilities at a regulator will jeopardize not only market participants and their investors, but the U.S. economy through the loss of domestic trade secrets and confidence in the integrity of the regulatory framework. Over the last several years, due to both statutory mandates and regulatory discretion, the Commission has expanded the scope and breadth of the types of information that it requests of registrants. It has, however, generally continued to rely on the same framework for information collection and protection. MFA believes that the Commission's mission is better served by reexamining and rethinking its policies and processes for collecting and protecting non-public and confidential information. We are aware of statutory provisions designed to protect the confidential and proprietary information of registrants, but without robust, updated policies and procedures at the CFTC, we are concerned that the Commission is unable to adequately protect managers' proprietary, highly confidential information in a manner consistent with their fiduciary obligations.[30]

In addition, the CFTC should enhance its information security policies so the protections and security requirements are heightened or tiered depending upon the level of sensitivity of the data collected. Such policies should include how and when to dispose of or return the data, if no wrongdoing is found, at the end of the examination, investigation or query. The Dodd-Frank Act imposed heightened confidentiality protections with respect to potential systemic risk information that the SEC collects from managers of private funds.[31] Similarly, we think the CFTC should impose heightened procedures and standards with respect to Forms CPO-PQR and CTA-PR (for firms remaining subject to the filing requirements) and other highly sensitive and confidential information that it receives. The Commission should also consider industry practices and standards with respect to protecting confidential intellectual property. Market participants go to great lengths to protect sensitive intellectual property, as their fiduciary obligations and contractual restrictions mandate, implementing practices shaped by case law from intellectual property cases. It is only

29 MFA joined several other organizations in a joint letter to Treasury Secretary Bessent urging regulatory agencies to maintain substantially similar cybersecurity controls as the financial services firms they regulate. *See* Letter from MFA, American Bankers Association, Bank Policy Institute et. al. to Secretary Bessent, U.S. Treasury (June 9, 2025) (avail. at https://www.mfaalts.org/wp-content/uploads/2025/06/Joint-Trades-Regulator-Data-Security-Letter-June-9-2025.pdf).

30 *See, e.g.,* Section 8 of the Commodity Exchange Act; *and* Federal Information Security Modernization Act of 2014, 44 USC. § 3551 (2014). *See also* 18 USC. § 654 (1996) (prohibiting an officer or employee of United States converting property of another); *and* 18 USC. § 1905 (2008) (prohibiting public officers and employees of disclosure of confidential information generally).

31 *See* section 404 of the Dodd-Frank Act.

appropriate for the Commission to apply consistent protections to safeguard sensitive investment manager trade secrets that managers file with the Commission.

MFA furthermore is concerned with its members sharing highly confidential, proprietary information among government agencies except as necessary to further imperative regulatory goals. It is important to separate the "need to have" versus the "nice to have." For example, CPOs report highly confidential, proprietary information to regulators regarding a pool's trading positions on Form PQR. Swap and derivatives transactions are already subject to extensive transaction reporting requirements, as are exchange-traded futures. We suggest that the CFTC and other regulators focus on the extensive data that is currently reported and identifiable on a counterparty-specific basis before considering additional reporting of the same transaction data.

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MFA appreciates the opportunity to provide these comments, and we look forward to continuing to provide useful and constructive comments on pending and future Commission rulemakings. If you have any questions about these comments, or if we can provide further information, please do not hesitate to contact Jennifer Han (jhan@mfaalts.org), Jeff Himstreet (jhimstreet@mfaalts.org), or the undersigned (bcorbett@mfaalts.org).

Respectfully submitted,

/s/ Bryan Corbett

Bryan Corbett
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cc: Thomas J. Smith, Acting Director, Market Participants Division