June 23, 2026

Via Electronic Submission

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

Christopher Kirkpatrick
Secretary
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, D.C. 20581

Re: Form PF; Reporting Requirements for All Filers (RIN 3038-AF69 and File No. S7-2026-13)

Dear Ms. Countryman and Mr. Kirkpatrick:

MFA[1] appreciates the opportunity to submit comments to the U.S. Securities and Exchange Commission ("**SEC**") and the U.S. Commodity Futures Trading Commission ("**CFTC**" or, together with the SEC, "**Commissions**") in response to the Commissions' joint proposed rules to amend Form PF ("**Proposed Rules**").[2] We support the Commissions' and the Financial Stability Oversight Council's ("**FSOC**") role in assessing potential systemic risk related to private funds and their

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1 Managed Funds Association (MFA), based in Washington, D.C., 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.

2 Form PF; Reporting Requirements for All Filers, 91 Fed. Reg. 22232 (Apr. 24, 2026) ("**2026 Proposing Release**"), *available at:* https://www.govinfo.gov/content/pkg/FR-2026-04-24/pdf/2026-07993.pdf.

advisers to the U.S. financial markets. As we have previously commented to the Commissions,[3] as a result of recent amendments under the previous administration,[4] Form PF is almost twice its original size, requires registrants to submit multiple more forms, and has departed from its statutory purpose. We agree with the Commissions that certain of the 2024 Amendments do not provide meaningful information for monitoring potential systemic risk and impose unanticipatedly high burdens in monitoring and producing data necessary to complete the questions.[5] The Commissions have taken an important step in proposing to amend Form PF to streamline and enhance the data it collects. We feel, however, that the Commissions need to make additional changes to ensure that Form PF obtains more useful, comparable, and actionable data for systemic risk purposes that is also less burdensome to advisers and their investors. The Proposed Rules therefore present an important opportunity not only to streamline Form PF, but to improve the usefulness of the data it produces.

As currently structured, Form PF is organized around legal entity definitions and fund structures that often do not reflect how advisers manage risk in practice. As a result, advisers frequently must construct data using assumptions and allocation methodologies that vary across filers, reducing comparability and obscuring the economic exposures the Commissions seek to analyze. Form PF will better serve its statutory purpose if it is aligned with how advisers actually operate and monitor risk—on a consolidated, operational basis—rather than through fragmented, entity-level reporting.

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3 *See* 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) ("**MFA Comment Letter**"), *available at*: https://www.mfaalts.org/wp-content/uploads/2026/01/MFA-Letter-with-Recommendations-for-Revamping-Form-PF-As-submitted-12.22.25.pdf.

4 Form PF; Reporting Requirements for All Filers, 89 Fed. Reg. 17984 (Mar. 12, 2024) ("**2024 Amendments**"), *available at:* https://www.govinfo.gov/content/pkg/FR-2024-03-12/pdf/2024-03473.pdf; Form PF; Event Reporting for Large Hedge Fund Advisers and Private Equity Fund Advisers; Requirements for Large Private Equity Fund Adviser Reporting, 88 Fed. Reg. 38146 (June 12, 2023) ("**2023 Amendments**"), *available at:* https://www.govinfo.gov/content/pkg/FR-2023-06-12/pdf/2023-09775.pdf.

5 *See infra* Section III.A; *see also* Paul S. Atkins, Chairman, Statement at Open Meeting on Further Extension of the Form PF Compliance Date (June 11, 2025), *available at:* https://www.sec.gov/newsroom/speeches-statements/atkins-statement-open-meeting-061125 ("The complexity of the form, in addition to the ever-evolving nature of its demands has required advisers to seek costly legal and compliance support to complete it accurately. These costs divert resources away from advisers' core investment functions.").

We therefore support the Commissions' review of Form PF and submit the following recommendations to refine targeted questions and instructions in ways that improve the accuracy, comparability, and usefulness of the information reported. In a separate letter, joined by other associations in support of our approach, we provide comments and recommendations on the application of Form PF to private credit funds.

I. Executive Summary

MFA's recommendations are guided by several principles (as described below), but the chief of which is: Form PF should collect data that reflects how advisers actually manage risk. In several areas, the current form requires reporting that is disconnected from internal risk management, investor reporting, and other established reporting frameworks, resulting in data that may be less comparable and less reflective of underlying economic exposures. More granular reporting does not necessarily improve data quality and, in several cases, instead requires advisers to rely on assumptions and allocation methodologies that reduce comparability across filers. The recommendations below are intended to improve the accuracy, comparability, and usefulness of Form PF data for potential systemic risk monitoring while eliminating reporting requirements that do not advance that objective.

Reporting Thresholds

We support the Commissions' proposal to:

- Increase reporting thresholds to better focus reporting on firms and funds whose activities are more likely to be relevant to potential systemic risk, reducing noise from smaller advisers and funds that do not materially contribute to the dataset.

- Eliminate questions that require advisers to construct bespoke or operationally burdensome data that is not used in managing risk and does not improve the quality of information available to the Commissions and FSOC.

Aggregation (Aligning Reporting with How Risk is Managed)

We support the Commissions' proposal to allow advisers not to separately report feeder funds with *de minimis* holdings outside of a feeder fund's interest in a master fund, but encourage the Commissions to make targeted changes to the reporting associated with feeder funds on Form PF:

- Revise aggregation rules to reflect how advisers manage risk across fund structures, rather than requiring disaggregation at the feeder or trading vehicle level that introduces artificial distinctions that do not reflect economic risk.

- Permit broader treatment of feeder funds as "disregarded" where they do not independently contribute to the risk profile of the overall strategy, reducing the need to report structurally fragmented data that does not reflect how risk is managed.

- Eliminate requirements to "look through" trading vehicles or otherwise disaggregate exposures where such reporting is not consistent with internal risk management or investor reporting practices.

Look-Through Requirements (Avoiding Artificial Data Construction)

- Clarify that advisers should not be required to report indirect exposures in a manner that results in double counting or otherwise distorts exposure measurement.

- Permit classification of investments based on the primary business activity of the entities that are not private funds or trading vehicles that receive investments from the reporting fund, rather than requiring artificial decomposition into underlying exposures.

Data Reporting (Improving Consistency and Comparability)

- Provide flexibility to use industry classification systems (*e.g.*, the Global Industry Classification Standard ("**GICS**") code and/or the North American Industry Classification System ("**NAICS**") code) that are actually used in practice, avoiding the need for manual mapping that introduces inconsistency and requires firms to translate internally used data into artificial classifications that may not be consistent across filers.

Section 5 Event Reporting

We support the proposed changes to current reporting in Section 5 of Form PF, but recommend the following further changes:

- Adopt a three-business day reporting deadline to ensure that reported information is complete and accurate, rather than preliminary or based on incomplete data.

- Establish clearer, objective triggers for reporting events to avoid inconsistent interpretations and unnecessary filings based on incomplete information.

- Limit additional reporting obligations for redemption activity to meaningful changes in fund condition, rather than incremental updates that do not materially alter the risk profile.

Fund of Funds Relief

We recommend the Commissions:

- Expand Fund of Funds relief (defined further below) to reflect the actual investment profile of funds that invest solely in equity of other private funds and related instruments, rather than relying on rigid thresholds that do not affect risk.

- Apply relief at the aggregated structure level and exclude incidental assets, ensuring that reporting reflects economic exposure rather than formalistic distinctions.

Conformity with U.S. GAAP

- Align Form PF definitions and reporting constructs with U.S. GAAP and other regulatory frameworks to ensure that reported information is based on audited, controlled, and consistently applied methodologies.

- Avoid reporting constructs that require commingling of incompatible measures or the creation of parallel calculations that reduce comparability and reliability.

Cybersecurity Risk

- Require the use of alphanumeric identifiers to protect sensitive information without affecting the quality or usefulness of the data collected.

II. General Principles to Ensure the Commissions' Data Collection is Relevant and Accurate

Our suggested changes to the Proposed Rules below draw from three general principles to ensure that the collected data is relevant and accurate for the Commissions' and FSOC's assessment of potential systemic risk posed by advisers and their funds to the U.S. financial markets. These principles reflect a broader concern that Form PF, as currently structured, often produces data that is less comparable and less decision-useful because it is not aligned with how firms operate and manage risk.

First, Form PF reporting should be limited to data maintained in the ordinary course of business (*i.e.*, data used for risk management purposes and investor and financial reporting) and should not require advisers to design complicated and bespoke calculations.[6] When advisers and their service providers need to create new data for reporting purposes, it can result in making assumptions that may differ from adviser to adviser, which reduces the comparability of the data. Any proposed change should maintain comparability of the data across filers, and similar exposures should be reported in a consistent manner to support effective potential systemic risk monitoring. In several cases, this results in data that does not reflect actual economic exposures

6 *See* 2026 Proposing Release at 22244.

but instead reflects firm-specific assumptions, limiting its usefulness for potential systemic risk analysis.

Second, the form should align with existing reporting frameworks such as U.S. GAAP and Form ADV, not only to reduce reconciliation burdens but also to ensure that Form PF data is drawn from audited, controlled, and consistently applied methodologies that enhance accuracy and comparability. Advisers reconcile reporting data across regulatory regimes, and aligning Form PF with U.S. GAAP and Form ADV would improve consistency, reduce reconciliation efforts, and enhance interpretability of data.

Third, while we appreciate the importance of comprehensive data sets relevant for potential systemic risk monitoring, more granular information does not necessarily improve data quality and, in several cases, may reduce comparability by requiring reliance on assumptions and allocation methodologies rather than observable data. Since the adoption of Form PF in 2011, the Commissions have over time significantly increased the amount of reportable data to fill data gaps or to request more granular information in certain areas. However, in several areas, additional disaggregation requires reporting of data that is based on allocation methodologies and assumptions rather than directly observable data. This reduces overall usefulness for potential systemic risk monitoring because it reduces comparability. Given the widespread use of third-party administrators and shared platforms to produce Form PF, questions that are not aligned with how filers manage and monitor portfolios require a high degree of fiction to implement. This can lead to divergent implementation methodologies, unnecessary compliance costs, and reduced comparability of reported data.

III. Comments on the Proposed Rules

To ensure that Form PF continues to provide FSOC with relevant and reliable information while also not requiring filers to report information that is unduly burdensome, operationally difficult to obtain, or reliant on internal, bespoke calculations, we respectfully submit that the Commissions should consider making additional targeted changes. These incremental changes will further streamline Form PF and minimize reporting burdens, and will not diminish the Commissions' ability to collect bespoke information when necessary, which can be obtained through the SEC's other oversight tools, including disclosure in Form ADV and the SEC's books and records authority under Section 204(b) of the Investment Advisers Act of 1940 ("**Advisers Act**").[7]

[7] Section 204(b)(1) of the Advisers Act [15 U.S.C. § 80b-4(b)(1)].

A. Proposed Deletion of Certain Questions

As an initial matter, MFA is supportive of the deletions of Questions 23(c), 34, 39, 40, 41, and 45. These deletions meaningfully streamline Form PF and do not result in the Commissions and FSOC receiving less relevant data to assess whether any potential systemic risk is related to the activities of private funds to the U.S. financial markets. These questions impose challenges and significant costs on funds and their advisers by requiring advisers to design complicated and bespoke calculations (Question 23(c)),[8] impose unanticipatedly high burdens in monitoring and producing data (Question 34),[9] and in some cases do not produce reliable data (Question 45).[10] Certain of these questions (Questions 39 and 40) require filers to report bespoke data that was only compiled to file Form PF.[11] Still others impose substantial burdens on filers when the Commissions can instead rely on other questions within the form to collect similar information (Question 41).[12] We agree with the rationale for removing these questions, and support the Commissions' proposal to do so. Importantly, the deletion of these questions will not diminish the quality of relevant data collected by the Commissions and we appreciate the thoughtful approach to preserving key data collections while streamlining such collections.

B. Reporting Threshold for Qualifying Hedge Funds

We strongly support the Commissions' proposal to increase reporting thresholds both for (i) filers on Form PF generally, from advisers with $150 million in private fund assets under management to $1 billion, and (ii) large hedge fund advisers, from advisers with $1.5 billion to $10 billion in hedge fund assets under management. While the changes in thresholds meaningfully reduce burdens for smaller private fund advisers, the reduction of burdens for large hedge fund advisers is not commensurate, as the Proposed Rules do not address the burdens associated with filing Section 2 for each qualifying hedge fund advised.[13] ***We believe that the Commissions should increase the threshold for qualifying hedge fund reporting, from any hedge fund with a net asset value of $500 million to any hedge fund with a net asset value of $1 billion.*** The only time that the Commissions considered the $500 million threshold was in 2011 when the

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8 2026 Proposing Release at 22244.

9 *Id.* at 22246.

10 *Id.* at 22254.

11 *Id.* at 22248.

12 *Id.* at 22250.

13 The 1,719 advisers that would no longer need to report under the proposed amendments would have an average of $297 million in gross assets under management, based on filing data from the first quarter of 2025. *See* 2026 Proposing Release at 22264, n.244.

Commissions first introduced the form. At that time, the Commissions believed that the activities of a $500 million hedge fund "could have an impact on particular markets in which [the fund] invests or on [the fund's] particular counterparties."[14] The Commissions acknowledged that the threshold should be set at a level that "would minimize reporting burdens on advisers to smaller or start up hedge funds that are less likely to have a systemic impact."[15]

The threshold for qualifying hedge funds has not increased to account for market capitalization and inflation. Just as the growth of the private fund industry in the last decade justifies increasing the other reporting thresholds,[16] so too does it justify a threshold increase for qualifying hedge funds. Indeed, the median qualifying hedge fund today has net asset value ("**NAV**") of $1.1 billion, setting the $500 million threshold at less than the 25th percentile of qualifying hedge fund NAV today.[17] By not raising the qualifying hedge fund reporting threshold commensurate with the increase in the threshold for large hedge fund advisers, the Commission may receive inconsistent data on certain types of hedge funds with NAVs over $500 million and likely will receive duplicative data in Section 2 of Form PF, which, among other things, requires large hedge fund advisers to disaggregate reporting in certain circumstances and to look through certain trading vehicles.[18]

Additionally, data provided in the quarterly Form PF statistics published by Division of Investment Management ("**IM**") indicate that the current qualifying hedge fund threshold results data collection from hedge funds that are not systemically significant (for example, based on Q3 2025 statistics, only approximately 18% of qualifying hedge funds and 23.7% of qualifying hedge

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14 Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, Fed. Reg. 8068 (Feb. 11, 2011) ("**2011 Proposing Release**") at 8080, *available at:* https://www.govinfo.gov/content/pkg/FR-2011-02-11/pdf/2011-2175.pdf.

15 2011 Proposing Release at 8080. The Commissions noted as another reason for the $500 million threshold the fact that the Financial Services Authority (now the Financial Conduct Authority (FCA)) collected information on hedge funds with at least $500 million in assets under management in surveys of the hedge fund industry. The last such survey the FCA conducted was in 2015. *See* Financial Conduct Authority, Hedge Fund Survey (June 2015), *available at*: https://www.fca.org.uk/publication/data/hedge-fund-survey.pdf.

16 2026 Proposing Release at 22236.

17 Division of Investment Management, Private Fund Statistics: Form PF and Form ADV Data, Third Calendar Quarter 2025, at Table 2.5, *available at:* https://www.sec.gov/files/investment/private-funds-statistics-2025-q3.pdf.

18 *See infra* Section III.E for an example of possible double counting of exposures.

fund net assets have a gross asset value to NAV ratio of 2 or more).[19] Given that FSOC has identified larger hedge funds carrying greater leverage as posing a greater potential for systemic risk given their "outsized effects on financial markets and counterparties," it appears that Form PF is capturing information on qualifying hedge funds that, due to their smaller size, are not individually consequential to the systemic health of the U.S. financial markets.[20]

On a related note, ***we recommend that the Commissions revise how advisers calculate the qualifying hedge fund threshold***. Currently, Form PF includes unfunded commitments in calculating NAV.[21] Undeployed capital does not pose any potential systemic risk and can be excluded from the calculation for Form PF purposes.

C. Disregarded Feeder Funds

We support the Commissions' proposal to allow advisers not "to separately report feeder funds with minimal holdings outside of a feeder fund's interest in a master fund" by revising "General Instruction 6 to permit advisers to treat a feeder fund as 'disregarded'" if a *de minimis* amount (no more than five percent) of its gross asset value is in assets held outside of a master fund or in investments other than cash and cash equivalents or U.S treasury bills.[22] These changes meaningfully reduce disaggregated reporting burdens for feeder funds that do not individually pose any potential for systemic risk. However, as further discussed below, we encourage the Commissions to consider targeted changes to the reporting associated with feeder funds on Form PF.

Private fund advisers typically do not manage each feeder fund, master fund, or trading vehicle within a private fund structure on a stand-alone basis with respect to risk management, financing, or liquidity. Rather, advisers frequently consider these matters from the perspective of

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19 Private Fund Statistics: Form PF and Form ADV Data, Third Calendar Quarter 2025, at Tables 2.7-2.8, *available at:* https://www.sec.gov/files/investment/private-funds-statistics-2025-q3.pdf.

20 FSOC 2025 Annual Report at 48, *available at:* https://home.treasury.gov/system/files/261/FSOC2025AnnualReport.pdf.

21 Form PF defines NAV as "the gross assets reported in response to Question 11 minus any outstanding indebtedness or other accrued but unpaid liabilities." "Gross Asset Value" is defined as "the value of gross assets, calculated in accordance with Part 1A, Instruction 6.e(3) of Form ADV," which references regulatory assets under management in Instruction 5.b. That instruction requires privates to include "any uncalled commitment pursuant to which a person is obligated to acquire an interest in, or make a capital contribution to, the private fund."

22 2026 Proposing Release at 22240.

the aggregated, consolidated activities of the private fund structure.[23] For example, cash is usually held at the master fund. Relatedly, focusing on a feeder fund's counterparty exposures does not provide the most relevant picture because counterparty exposure is managed at the master fund through its holding of assets that ensure adequate liquidity of street-facing feeder funds. Further, given that portfolio liquidity risk is best measured by looking at the amount of capital that can be liquidated within a particular time frame at the widest relevant level, instead of on an entity-by-entity basis, it is not informative to assess the liquidity that a master fund has with respect to its feeder funds. Instead, what would be relevant to an assessment of potential liquidity risk is to examine alignment (or misalignment, as the case may be) between investor withdrawal or redemption terms on the one hand, and portfolio liquidity across an overall fund structure on the other. Finally, requiring disaggregation of structures that are managed as a single economic unit necessarily introduces structural noise into the dataset, which would result in less visibility as to the risk posed by the adviser and the private funds. Specifically, disaggregation requires service providers to apply bespoke approaches across similar structures, reducing consistency across and increasing costs to filers without a clear supervisory benefit.

To align Instruction 6 with the way advisers typically track and manage the risk profile of feeder funds, we respectfully request that the Commissions consider three targeted changes. These changes would preserve the Commissions' and FSOC's ability to obtain a clear understanding of fund structures and the counterparty risk exposure of their component funds.[24]

First, ***we recommend that the Commissions revise the definition of disregarded feeder fund to allow advisers to disregard a feeder fund if the feeder fund invests all of its assets in "one or more master funds."*** Limiting the instruction to one master fund is too prescriptive and does not account for a multi-strategy fund that would invest in more than one master fund. Form PF should be designed to be agnostic as to how advisers structure their funds; an adviser should not be required to complete a separate Form PF for each feeder fund simply because an adviser organizes its feeder arrangements using a one-to-many structure instead of a many-to-one structure.

Second, ***we recommend revising the definition of disregarded feeder funds to include feeder funds that invest in instruments that are used to hedge currency exposure.*** Limiting the assets considered for purposes of determining whether to disregard a feeder fund to U.S. treasury bills and to cash and cash equivalents—the latter of which is currently defined narrowly and does

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23 *See* MFA Comment Letter, *supra* note **Error! Bookmark not defined.**.

24 2026 Proposing Release at 22240. We similarly recommend the Commissions include more than U.S. treasury bills and to change the definition of cash and cash equivalents, as discussed further below in Section III.B.

not include short-term, readily-marketable foreign government bonds, foreign currency, or government securities—does not align with market practice where these asset types are used for cash management purposes. Further, considering U.S. treasury bills as the only instrument held to hedge against currency exposure for purposes of determining whether to disregard a feeder fund narrows the universe of relatively liquid assets in which feeder funds invest that do not increase their risk profile. The Commissions could ensure the proper universe of relatively liquid assets are considered for purposes of determining whether to disregard a feeder fund by expanding prong (ii) to include not only U.S. treasury bills, but also instruments to hedge currency exposure, and by revising the definition of cash and cash equivalents to align with U.S. GAAP.[25]

Third, ***we recommend increasing the five percent threshold to ten percent.*** While the five percent threshold parallels the threshold used in other parts of Form PF, comparing the investment of a feeder fund's gross asset value in other investments does not in and of itself represent a material exposure that could be significant enough to present broader potential systemic risk and contagion risk. For example, those investments may not necessarily be in the same asset class or industry. Further, as acknowledged by the Commissions, a ten percent threshold would result in a meaningful reduction in burden for advisers with respect to filing separate reports.[26] The five percent threshold would continue to require large private fund advisers to collect and provide substantial disaggregated feeder fund information that was only compiled to file Form PF and would not provide "a clear understanding of fund structures and the risk exposure of their component funds."[27]

We believe that these three changes, taken together, would reduce the burdens on advisers without meaningfully obscuring counterparty exposures, as there are very few street-facing funds with only ten percent of their gross asset value in assets other than investments in a single master fund, U.S. treasury bills, and/or cash and cash equivalents (and even more so for funds with ten percent of their gross asset value in assets other than investments in one or more master funds and cash and cash equivalents defined by U.S. GAAP). Implementing these recommendations would provide the Commissions and FSOC with information on street-facing feeder funds without re-introducing the confusion of the pre-2024 form that allowed filers to elect to aggregate or report separately feeder funds, which affected the relevance of the data collected for potential systemic risk monitoring.[28]

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25 *See infra* Section III.B. for further discussion of aligning Form PF reporting with U.S. GAAP.

26 2026 Proposing Release at 22289.

27 *Id.* at 22240.

28 *Id.*

D. Trading Vehicles

We support the Proposed Rules' narrowing of the trading vehicles that advisers would need to identify in Question 9 of the form to those (i) that would be required to be listed on Section 7.B of Schedule D of a filer's or another adviser's Form ADV or (ii) included or required to be included in a response to Questions 27, 28, 42, 43 or 44. The Commissions noted that trading vehicles required to be reported after the 2024 Amendments[29] may include "passive entities commonly used in private fund structures [that] do not directly interact with the market in a manner that may pose potential systemic risk such as by trading, taking on leverage, or bearing counterparty and credit exposures."[30] While the proposed changes to Question 9 appear to exclude these passive entities, Question 9 in its proposed form would still require filers to report, in some instances, hundreds of entities, even in cases where counterparties to those trading vehicles would not collect that granular level of information.

Further, the proposed changes to Instruction 7 requiring filers to separate out counterparty exposures by trading vehicle with respect to cash borrowing entries, net mark to market credit exposure, and collateral posted in respect of cleared exposures in Questions 27, 28, 42, 43 and 44 do not fully align with how advisers monitor and address risk. Advisers do not manage trading vehicles within private fund structures on a stand-alone basis with respect to risk, financing, or liquidity—rather, they consider risk, financing, and liquidity on an aggregated basis at the fund level.[31] Additionally, margin generally sits at the master fund level, so any question regarding margin requires unbundling a set of legal entities that, for most purposes, are governed by a master agreement. In practice, to disaggregate exposures at the trading vehicle level, advisers and their service providers often need to make assumptions and employ allocation methodologies, both of which differ across firms. This, in the first instance, would reduce the comparability of the data and would not provide transparency into the reporting fund's risk profile and interconnectedness of private funds with the broader financial services industry.[32] It also is likely to result in the Commissions receiving unreliable data regarding signals of potential systemic risk.[33]

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[29] 2024 Amendments at 17991.

[30] 2026 Proposing Release at 22243.

[31] The Commissions acknowledge that the broad definition of "trading vehicle" would capture many passive entities used for structuring tax, or operational efficiency purposes. *See id.* at 22243.

[32] *Id.* at 22244.

[33] Comment Letter of MFA to SEC and CFTC (Dec. 7, 2022) at 4, *available at:* https://www.mfaalts.org/wp-content/uploads/2022/12/MFA-Letter-on-Form-PF-Proposed-Rules-FINAL.pdf (describing examples of precise challenges arising from collecting information at the trading vehicle level).

This reflects the broader issue that Form PF often requires advisers to disaggregate exposures in ways that are not used in managing risk, resulting in data that relies on assumptions rather than directly observed information.

The information counterparties receive about trading vehicles varies significantly depending on the relationship with the adviser and the fund's structure. However, such information is generally limited to what is necessary to support credit exposure, collateral, and risk management processes. For example, prime brokers and clearing brokers typically receive exposure and collateral-related information at the level of the legal entity facing the counterparty, but do not generally require or maintain a full disaggregation of positions across all affiliated trading vehicles within a fund structure. In many cases, counterparties view exposures on a net or aggregated basis under master agreements, rather than at the level of each underlying trading vehicle. As a result, the level of granularity required by Form PF may exceed what is both available to and used by counterparties themselves, requiring advisers or their service providers to construct this information using assumptions or allocation methodologies that can differ across firms. Finally, the Commissions have not articulated a reasoned explanation for why disaggregated data is relevant for potential systemic risk monitoring, beyond that granular reporting of certain position and exposure information in Questions 27, 28, 42, 43, and 44 could be useful to differentiate potential risks of the reporting fund from those of its trading vehicles.[34]

Therefore, we recommend amending Instruction 7 to eliminate the requirement to "look through" to trading vehicles exposures and to eliminate the requirement to separately report trading vehicles in Question 27, 28, 42, 43 or 44.[35]

E. <u>Reporting of Indirect Exposure</u>

We appreciate the proposed changes to Instructions 7 and 8 to eliminate the prescriptive requirement that advisers "look through" the reporting of fund's investments when reporting indirect exposures.[36] This, as an alternative to the existing prescriptive look through requirement should meaningfully reduce some of the clear operational challenges posed by the 2024 Amendments. However, the Proposed Rules leave unresolved two complications. *First*, requiring advisers to report indirect exposures of reporting master funds even where those exposures are already reported separately by the feeder fund results in double counting. Put another way, the adviser's filing would capture the same economic exposure multiple times across different

34 2024 Amendments at 18021.

35 This would not only adequately address the concerns raised above but also would mitigate the problem of double counting indirect exposures described below. *See infra* Section III.E.

36 *See* Proposed General Instructions 7 and 8.

reporting entities, which would introduce practical challenges for both advisers and the Commissions in analyzing and reconciling the data. *Second*, in practice many advisers and their service providers do not calculate indirect exposures as part of their standard risk management or financial reporting processes. As a result, even with the proposed change to provide flexibility to use internal methodologies, firms may still be required to construct new processes or rely on third-party data sources, which may be costly to obtain, subject to timing constraints, and, more importantly, not independently validated for consistency or quality because advisers do not rely on these processes to monitor their own risk.[37] As discussed above, requiring advisers to construct data outside of their normal risk management processes reduces comparability across filers and can distort the underlying economic exposure.

To illustrate the duplicative reporting challenge, consider a feeder fund that invests (i) $500 million in Master Fund A, (ii) $500 million in Master Fund B, and (iii) $500 million in a trading vehicle. The master fund and the trading vehicle each hold $500 million in underlying investments. The indirect reporting would cause the feeder fund to report $1.5 billion in indirect exposure, while each master fund would report $500 million in exposure, for a total reported exposure of $2.5 billion, when the economic reality is that the feeder fund has an actual economic exposure of only $1.5 billion.

To resolve the double counting of this type of common private fund investment structure, ***we recommend that the Commissions revise Instruction 7 to provide that where a reporting fund (the "investing fund") invests in one or more private funds (the "investee funds") that are themselves subject to Form PF or Form PQR reporting, the investing fund should report each interest in an investee fund as a single investment position, without reporting the indirect exposure by reporting the exposure of that investee fund's underlying holdings*****.** Investee funds will separately report their own exposures, strategies, and risk profile in their own separate Form PF or Form PQR filings.

The Commissions should additionally revise Instruction 8 to clarify that where a reporting fund invests in an entity that is not itself a Form PF filer (for example, an operating company or portfolio company), the reporting fund should be able to classify and report that investment based on the primary business activity of the operating company or portfolio company, rather than attempting to report the indirect exposure of the entity's underlying assets.

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37 While some firms may perform look-through analysis in specific contexts (*e.g.*, for certain risk or concentration analyses), this is not applied consistently across all asset classes or investment structures and methodologies where they exist can vary significantly across firms.

Finally, ***we recommend the Commissions clarify that advisers are not required to report indirect exposures if such reporting is not consistent with their internal methodology or investor reporting.*** Such a clarification would meaningfully reduce the operational burdens on advisers that do not maintain and collect data on indirect exposures and will help to ensure the Commissions and FSOC receive data that is consistent with what advisers use for risk management purposes and in investor and financial reporting.

F. Reporting of Counterparty Exposures

We support the Commissions' proposal to streamline the reporting on counterparty exposures for large hedge fund advisers. The deletion of Question 41 meaningfully reduces burdens on those advisers. We appreciate the Commissions' acknowledgement that instead of collecting data from Section 2 Question 41, it can rely on data obtained from Questions 26, 42 and 43 to facilitate the tracking of large hedge funds' collateral practices and their credit exposure to counterparties as well as the exposure that creditors and other counterparties have to large hedge funds.[38] In response to the Commissions' request for comment on ways to further alleviate burdens on advisers with respect to reporting counterparty exposures, we respectfully suggest only requiring disclosure of bilateral counterparty risk (as described below) in Questions 26(c), 26(e), 42, 43 and 44, which would could better balance filing burdens on advisers against the Commissions' and FSOC's need to obtain clear and comparable data regarding hedge funds' use of collateral and credit exposure to counterparties.[39]

Specifically, MFA Members do not believe requiring increased disclosure for Fixed Income Clearing Corporation ("**FICC**") sponsored and tri-party repo counterparties and for FSOC-designated systemically important central clearing counterparties ("**CCP**") for cleared derivatives provides meaningful insight into potential systemic risk beyond what is already captured through existing reporting requirements, as these transactions are generally structured to mitigate the type of risks outlined by the Commissions in the 2024 Amendments.[40] For example, while CCP cleared derivatives and tri-party repos are not risk-free, they are specifically structured to mitigate

38 2026 Proposing Release at 22250.

39 2026 Proposing Release at 22249-22252. We note that the proposed amendments made to General Instruction 7 and Question 9 meaningfully reduce burdens with respect to counterparty exposure information. *See* discussion *supra* at Section III.D and Section III.E. We note, however, that the counterparty exposure information that would continue to be collected seeks information that is too granular and oftentimes does not present an accurate picture of a fund's counterparty exposures. We believe that a better metric of counterparty risk would be top counterparties by net liquidating value by entity or gross exposure by counterparty divided by net liquidating value instead by entity.

40 *See* 2024 Amendments at 18009, 18025-18026.

bilateral counterparty risk by introducing an additional intermediary to assist with operational, custodial and collateral management activities. The disclosure of these counterparties creates unnecessary reporting burdens, which, in this context, outweigh any incremental potential systemic risk information obtained throughout the process, especially when the risks of such transactions are low compared to the potential systemic risk concerns of transactions without a central mitigating party (*e.g.*, a bi-lateral repo).

Additionally, the Commissions' concerns regarding potential systemic risk of CCP cleared derivatives are already addressed through direct CCP supervision rather than fund-level Form PF filings. CCPs are specifically designed to mutualize counterparty risk, and they maintain comprehensive visibility into their complete participant base, which further supports the idea that counterparty risk for these transactions is lower than that of bilateral exposures. The 2024 Amendments acknowledge that "bilateral exposures and CCP exposures have different risk profiles, with CCPs offering risk reduction mechanisms and other economic benefits by netting trading across counterparties and across different assets within an asset class or by centralizing clearance and settlement activities," and that bilateral activity "may be less transparent, and may present more credit risk" than cleared activity.[41] This distinction, which the Commissions correctly identify, undermines the case for applying uniform counterparty reporting to both cleared and bilateral exposures. For bilateral, uncleared transactions, the reporting fund may be the only source of position-level data such that Form PF fills a genuine informational gap. For centrally intermediated transactions, however, the CCP's own records (which are updated daily, stress-tested continuously, and available to regulators in real time) constitute a superior data source that renders quarterly fund-level reporting duplicative. Thus, reporting individual counterparty exposure for these types of transactions does not accurately reflect the potential systemic risk the Commissions seek to monitor.

Additionally, in practice, many of the data inputs required for the counterparty exposure tables are sourced from prime brokers, clearing brokers, and CCPs, and are not always available at the level of granularity required by the form. As a result, firms (or their service providers) are often required to apply assumptions, which can vary across filers and reduce comparability. The Commissions should eliminate the reporting requirements for centrally intermediated transactions altogether, thereby avoiding unnecessary reporting burdens. These challenges underscore the broader concern that overly granular reporting requirements can diminish, rather than enhance, the usefulness of the data collected for systemic risk monitoring. ***Accordingly, we respectfully urge the Commissions to tailor Questions 26, 42, 43, and 44 to focus on bilateral, uncleared exposures and transactions that are not centrally intermediated.***

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41 *See id.* at 18009.

In the event the Commissions do not choose to limit the reporting requirements of Questions 26(c), 26(e), 42, 43, and 44 to remove counterparty exposure reporting for FICC sponsored and tri-party repo counterparties, and CCPs for cleared derivatives, ***we request clarity surrounding which specific party should be listed as the exposed party in response to these questions***. There is uncertainty, given the structure of intermediary-based products, about which counterparty bears the reporting fund's exposure. For example, in a tri-party repo, a custodian generally serves an operational and collateral management function, rather than acting as principal to the transaction or otherwise taking risk onto its balance sheet. That said, the custodian serves to effect the transaction with the counterparty on behalf of the reporting fund (and the counterparty), with the reporting fund (and the counterparty) primarily dealing with the custodian. We suggest that, for tri-party repos, the reporting fund should identify the contract counterparty (not the custodian) as the relevant exposure. For cleared derivatives, the reporting fund's exposure is with the CCP, who holds the risk on its own balance sheet. As such, we believe that, for cleared derivatives, the reporting fund should identify the CCP (and not the contract counterparty) as the relevant exposure. Further, for sponsored repos, the transaction is centrally cleared, with the reporting fund accessing it through a sponsoring dealer that guarantees settlement and loss allocation on the counterparty's behalf. Similarly, the reporting fund's exposure is with the FICC, who guarantees settlement and loss allocation—as such, we believe the reporting fund should identify the FICC (not the bilateral contract counterparty) as the relevant exposure.

Additionally, as currently drafted, the instructions to Question 26 do not clearly address whether variation margin received under a settled-to-market ("**STM**") arrangement with respect to centrally cleared derivatives should be treated as collateral posted or received. For STM derivatives, variation margin transfers are treated as legal settlement of the derivative exposure meaning the reporting fund does not receive the variation margin back at the termination of the derivative.[42] This is in contrast to collateralized-to-market derivatives where the variation margin transfers are treated as collateral exchanges and the reporting fund records a receivable or payment reflecting its right to receive the collateral back upon termination of the derivative contract. ***To the extent the Commissions do not limit the reporting requirements in Question***

42 *See* Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change, as Modified by Amendments No. 1 and 2, to Implement Settled-to-Market Treatment of Variation Margin, Permit the Creation of Multiple Account Structures, Permit Select Members to Provide Clearing Services to Affiliated Firms, and Update the Onboarding Procedures, 84. Fed. Reg. 34955 (July 19, 2019) at 34958, *available at:* https://www.govinfo.gov/content/pkg/FR-2019-07-19/pdf/2019-15347.pdf (noting the SEC's belief that "by establishing settled-to-market treatment for variation margin in CDS transactions, the proposed rule change would help ensure that variation margin is treated as settled payments rather than collateral, consistent with the intention of Clearing Members that elect, or are required to elect, settled-to-market treatment.").

26 to bilateral transactions, we recommend that the Commissions provide explicit guidance regarding the treatment of variation margin for STM-cleared derivatives and clarify that such amounts should be excluded from collateral-posted reporting where the variation margin constitutes legal settlement of the derivative exposure rather than collateralization of that exposure.

G. Industry Concentration

MFA appreciates the purpose of the proposal is to simplify industry reporting by permitting filers to report fewer NAICS code digits. This proposed change is intended to address certain difficulties in reporting the NAICS codes, particularly at the six-digit national industry level,[43] while preserving the Commissions' ability to obtain insight into hedge funds' industry exposures in a standardized way to allow for comparability among funds and meaningful aggregation of data to assess overall industry-specific concentrations. We believe such data is relevant for monitoring potential systemic risk. However, the industry generally does not use NAICS codes for reporting industry concentration to investors or counterparties, and certain instruments, including foreign instruments, do not have a NAICS code.[44] As a result, the proposed simplification would require complicated mapping and reliance on third-party service providers, which introduces an additional translation layer that increases the risk of inconsistent mapping across filers. Take, for example, a reporting fund's investment in gold futures—the two-digit NAICS code "21" relates to gold mining or bullion and has no relation to gold futures. It is unclear whether the filer should use "21" or use "N/A." Also, there is no code for investments in foreign currencies.

As the Commissions acknowledged, many firms already maintain established classification frameworks using the Bloomberg Industry Classification Standard ("**BICS**") or the Global Industry Classification Standard ("**GICS**") within their internal reporting and financial statement processes.[45] The Commissions acknowledge that the GICS and BICS are more commonly used in the industry. Additionally, GICS was specifically developed to be used in the investment process,[46] whereas NAICS was developed without financial products in mind, as it is used with respect to statistical analysis conducted by the U.S. Census Bureau of the entire U.S. economy used by the

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43 2026 Proposing Release at 22247.

44 *Id.*

45 *Id.*

46 *See* MSCI, Global Industry Classification Standards (GICS) Methodology, Guiding Principles and Methodology for GICS (Aug. 2024), *available at:* https://www.msci.com/indexes/documents/methodology/1_MSCI_Global_Industry_Classification_Standard_GICS_Methodology_20240801.pdf.

U.S. Census Bureau.[47] Rather than requiring a particular industry classification, ***we recommend that Form PF add the option of using a GICS to the extent the filer has access to GICS codes and to only provide a NAICS code if it is relevant to the investment*** (*e.g.*, for corporate securities[48] or equities that would neatly fall into a code category). Requiring filers to provide a NAICS and/or a GICS code for an instrument only if it is available to the filer and applicable to the investment does not increase filers' reporting burdens because such reporting would be predicated on the filers' access to such a code in the first instance, and would not impose further requirements. Further, this would help to ensure that consistent data is provided to the Commissions, as filers would not have to engage in complicated mapping of NAICS and would only provide codes that are directly relevant (rather than being required to fit an inapplicable code to a particular investment—as in the case of reporting NAICS codes for gold mining or bullion to address exposure to gold futures).

Finally, the Commissions recognize that there are benefits to allowing filers to use BICS and GICS classifications by noting that requiring BICS or GICS could "reduc[e] the cost of assigning a code to each of the fund's investment instruments" if code assignments have already been made, and lead to "increased consistency across filers in how certain assets are assigned to industries."[49] While the Commissions note that they considered "giving the option to advisers to report their funds' exposure by industry based on their choice among multiple classifications, such as the NAICS, GICS, and BICS classifications," the Commissions explain that the benefits of this flexibility could be offset by information that is difficult to aggregate or compare. This is not the case when filers are only required to provide a GICS code if one is available or NAICS code if one is applicable, thereby reducing the potential for discretionary inconsistencies and maximizing cross-comparability, as parties would not need to manually map GICS onto NAICS codes.

H. Section 5 Current Reports

We are supportive of the changes to current reporting in Section 5 (1) to remove the requirement to file a current report "as soon as practicable"; (2) to remove the current reporting item in Section 5, Item D for margin default or determination of inability to meet a call for margin,

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47 *See* U.S. Census Bureau, Economic Census: NAICS Codes & Understanding Industry Classification Systems (last revised Nov. 14, 2025), *available at:* https://www.census.gov/programs-surveys/economic-census/year/2022/guidance/understanding-naics.html#:~:text=The%20North%20American%20INdustry%20Classification,to%20the%20U.S.%20business%20economy.

48 In the case of U.S. companies trading in foreign corporate securities, we would recommend affording discretion as to which NAICS code to apply.

49 2026 Proposing Release at 22290.

collateral or equivalents; (3) to amend Section 5, Item G to narrow the meaning of "operations event"; and (4) to remove the requirement under Section 5, Item I to file a current report if a qualifying hedge fund is unable to pay a redemption request.[50] These proposed changes are a measurable improvement and meaningfully address members' concerns regarding the burdens associated with filing a current report. We respectfully suggest that the SEC make additional changes because while large hedge fund advisers have the full 72-hours to file a current report, there are challenges with respect to the timing of reporting and with determining when to file a current report for "operations events." Additionally, we request that the SEC provide additional guidance on when to file a current report in Section 5, Item H for withdrawals in excess of 50%.

We recommend a three-business day deadline. The 72-hour deadline introduces challenges depending on when an operations event occurs or when the adviser reasonably believes an operations event occurred. A three-business day deadline would balance the need to provide complete information to the SEC on a timely basis with the practical impediments to an adviser's ability to collect complete and accurate information during certain periods, like weekends and holidays.

We propose revising Section 5, Item G to impose a brightline test for operations event reporting (i.e., an objective standard) or, alternatively, require a report under Item G to be filed when an event is determined to constitute an operations event. The timeline to file an operations event current report begins "upon the occurrence of the event or when [a] filer reasonably believe[s] the event occurred" is subject to differing interpretations on what constitutes "reasonable belief." This challenge generally occurs when advisers are notified of a *potential* operations event that might need to be reported under Section 5, Item G because unlike other triggers an adviser typically needs to conduct an investigation to determine whether it has a reasonable belief that the event caused a "significant disruption or degradation" of the fund's operations. Requiring an adviser to file without the benefit of their investigation would result in unnecessary filings due to false positives. The SEC has previously received comments noting that a brightline test to capture events actually and materially disruptive or degradational to a firm's operations would pose less interpretive difficulty in determining what constitutes an "operations event."[51]

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50 *See id*. at 22254. We are similarly supportive of the removal of Section 6 private equity quarterly as not meaningfully informative to potential systemic risk monitoring. *See id*. at 22257.

51 Comment Letter of MFA to SEC and CFTC (Mar. 21, 2022) at 18-19, *available at:* https://www.mfaalts.org/wp-content/uploads/2022/04/MFA-Comment-Letter-on-SECs-Proposed-Form-PF-Amendments-as-submitted-on-3.21.22.pdf; *see also* 2023 Amendments at 38157.

In the event the SEC does not establish a brightline test, we respectfully request the SEC to provide guidance to allow the reporting timeline to start from the point when the determination is made that an event is a significant disruption or degradation of an adviser's operations (rather than from when the adviser first learns of the potential event). This would allow advisers greater time to investigate and accurately identify the operations events that are significant to their operations and would permit advisers to appropriately prioritize triaging any potential operations event.

Finally, Item H of Section 5 provides that an adviser must file a current report if it receives cumulative requests for withdrawals or redemptions from the reporting fund equal to or more than 50% of the most recent NAV. IM published a frequently asked question ("**FAQ**") stating that a filer does not need "to file multiple separate current reports for Item H for a single day if, after receiving cumulative withdrawal or redemption requests equal to or more than 50% of the reporting fund's most recent net asset value, the reporting fund receives additional requests *on that same day*."[52] Rather, filers can "amend the current report filing for that day to reflect any additional withdrawal or redemption requests *received on that same day*."[53] However, the FAQ is silent on whether, for example, a reporting fund would need to file a new current report for withdrawal or redemption requests received the day *after* the requests exceeding 50% of NAV come in. Taken literally, this would greatly increase filing burdens with negligible corresponding benefits for potential systemic risk monitoring purposes—for example, a fund that receives withdrawal or redemption requests exceeding 50% of its NAV on Monday, then additional requests that bring the cumulative total to 50.1% on Tuesday and to 50.2% on Wednesday, is currently required to file current reports on Thursday, Friday, and Saturday, respectively, when the marginal additional requests pose no meaningful impact on the fund's health. ***We therefore recommend that the SEC amend Item H to provide guidance that additional current reports would only be required for withdrawal and redemption requests that exceed further operationally significant NAV thresholds such as 10% thresholds (i.e., 60%, 70%, etc.).***

I. Collection of Monthly Data Points

Our members appreciate the Commissions deleting Questions 23(c), 39 and 40, which removed sources of burdensome reporting of granular monthly data points that did not yield information of sufficient countervailing benefit. The requirement for large hedge fund advisers to report monthly data points creates significant burdens for many private fund advisers and likely

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52 Form PF Frequently Asked Questions at Q.H.4 (emphasis added), *available at:* https://www.sec.gov/rules-regulations/staff-guidance/division-investment-management-frequently-asked-questions/form-pf-faq#itemh.

53 *Id.*

does not provide meaningful information for monitoring potential systemic risk, as trends impacting potential systemic risk occur over a more gradual timeframe.[54] The Commissions acknowledge these burdens when they deleted Questions 23(c), 34, 39, and 40. Specifically, the Commissions recognize in deleting Question 23(c) that intra-month performance-related data for less liquid or illiquid investment strategies could have “limited utility when evaluating performance volatility.”[55] They also acknowledge that certain data can be collected on a quarterly basis, for example, monthly performance reporting in Question 23(a) is only required if advisers calculate such results. In deleting Question 34, the Commissions recognize unanticipatedly high burdens in monitoring and producing data necessary to complete the question, in part because of the many thousands of trades that a single fund can complete in a single day and the difficulties in tracking and breaking down these transactions on a per-fund basis.[56] Thus, it is not necessary for the Commissions to collect fund-level data for each month and quarter for purposes of monitoring managers and potential systemic risk. Finally, to the extent that there are rapid changes of systemic importance, the Commissions have access to current reporting which provides a more useful tool for monitoring short-term developments that could have potential systemic risk implications.[57]

The remaining questions that require monthly data points present similar issues and burdens. For example, in Question 11, the requirement to report month-end figures for gross asset value as calculated for Form PF purposes effectively triples the workload for filers, as many MFA Members do not otherwise calculate these monthly figures except for current reporting purposes. These figures are not simple calculations but involve detailed processes that require inputs from data sources, as well as adjustments and review procedures to ensure accuracy. With respect to Question 26, we respectfully disagree that interim changes in exposures that may be relevant to potential systemic risk assessment are not visible from less than monthly data. The combination of quarterly reporting and current reporting will provide the Commissions with sufficient data to assess potential systemic risk, which, as noted above, often occurs gradually. Additionally, for the same reasons, the Commissions should consider permitting quarterly reporting on a semi-annual basis.

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54 As shown in IM’s Private Fund Statistics, it is clear that changes that are systemically relevant occur very gradually. *See* Private Fund Statistics, SEC Division of Investment Management Analytics Office, *available at:* https://www.sec.gov/data-research/statistics-data-visualizations/private-fund-statistics.

55 2026 Proposing Release at 22244.

56 *Id.* at 22246.

57 *Id.* at 22244.

MFA respectfully recommends that the Commissions provide similar relief, and require quarterly reporting on a semi-annual basis, in Questions 11, 12, 14, 23, 26, 32, 33, 35, 36, 38, 46(b), 49, instead of the continued collection of monthly data points.

J. Proposed Transition Period

The Commissions requested comment on the proposed transition period from the date of publication in the *Federal Register* for filers to comply with the proposed amendments, if adopted, with some filers having longer to accommodate their reporting cycle, including whether such period should be longer.[58] ***We respectfully request that the transition period be 18 months from the date of publication in the Federal Register of the proposed amendments, if adopted***.

In the alternative, we recommend that the compliance date take effect 12 months after FINRA finalizes the Form PF schema. MFA members, including fund managers and fund administrators, faced significant challenges in meeting the 12-month compliance period for the 2024 amendments, largely because FINRA required approximately nine months to develop the Form PF schema, leaving firms with limited time to build, implement, and validate the systems necessary to comply on an accurate and reliable basis.

Additionally, the compliance date should fall on a date in between filings to avoid a scenario where the implementation date in reality is earlier than 18 months. Thus, the compliance date should be in June, September or December.

K. Additional Clarifying Changes

In addition to the above recommendations, we recommend the Commissions consider the following clarifying changes:

Question 6

- We recommend deleting subparts (d)-(h) of Question 6, which request advisers to identify whether the reporting fund is a UCITS, alternative investment fund, or a non-U.S. money market fund. These subparts beyond 6(c) may require advisers to assess ownership or control relationships using definitions that differ from those applied in Form ADV or other regulatory filings, leading to potential inconsistencies and additional burdens to reconcile data across all filings. To preserve the most relevant information, we suggest that the Commissions remove subparts (d)-(h).

58 *Id.* at 22259.

Question 21

- Question 21 is potentially redundant of Form ADV Part 1A Item 10, which requires disclosure of direct and indirect control persons. We therefore recommend deleting this question to reduce duplicative and potentially inconsistent reporting.

Question 22

- We recommend that question 22 be revised to report ownership by group of investor according to a reasonable methodology. Filers' investor relations teams, rather than their regulatory reporting teams, are responsible for communicating and collecting this information, and ultimately many investors self-select as "other"—these circumstances ultimately skew the accuracy of data reported, which can be resolved by permitting filers to report based on a reasonable methodology instead. For example, advisers could group investors into categories using consistent criteria applied at the reporting fund level, such as institutional versus non-institutional investor or by investor type such as pension, endowment, or fund of funds. Additionally, where investors self-identify as "other" or where more granular classification is not routinely captured, advisers could apply allocation-based or majority-ownership approaches to assign classifications at an aggregated level. Allowing the use of such reasonable methodologies would improve consistency and reduce the need for firms to reclassify investors solely for Form PF reporting.

Question 47

- Prior to the 2024 Amendments, Question 47 had a carveout for market factors that were not regularly considered in a filer's formal testing.[59] The removal of this carveout creates burdens for advisers who do not formally test the factors described and therefore assess those factors solely for the purpose of reporting on the form. The 2024 Amendments do not explain the reason for the deletion. Without the carveout, advisers may need to develop new models or perform one-

59 2023 Amendments at 38237 ("(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 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.)").

off analyses solely for Form PF reporting. We recommend adding this carveout back.

IV. Further Amendments the Commissions Should Consider

A. Funds Investing in Other Private Funds

Form PF currently provides that an adviser for a private fund that (i) invests 80% or more of its assets in the equity of private funds (including internal private funds and external private funds) and (ii) aside from such private fund investments, holds only cash and cash equivalents and instruments acquired for the purpose of hedging currency exposure, is only required to complete Section 1b for that fund ("**Fund of Funds Relief**"). We suggest that the Commissions should make three clarifying changes and provide guidance on when to calculate the 80% threshold.

First, ***the Commissions should amend Instruction 7 to remove the 80% threshold and to provide that a fund qualifies for the Fund of Funds Relief if its assets consist solely of investments in equity of private funds, cash and cash equivalents and instruments acquired for the purpose of hedging currency exposure regardless of the relative portion of those holdings.*** For example, a fund that has 70% of its assets in the equity of private funds and 30% in cash and cash equivalents presents the same investment profile as an otherwise identical fund invested 80% in private funds and 20% in cash and cash equivalents. In both cases, the fund's only investment exposure is to the equity of private funds, and the difference reflects only the amount of cash held. Because both funds have the same reporting profile as fund-of-funds structures, they should be eligible for the same relief. Further, for Form PF reporting purposes, the underlying funds most likely are reporting funds and thus the Commission will have visibility into the cash and cash equivalents and currency hedging instruments that the underlying fund holds.

Second, ***the Commissions should provide that incidental assets do not disqualify a reporting fund from the Fund of Funds Relief***. Incidental assets include deferred tax assets, interest receivables on cash deposits or cash equivalents and other operational receivables or assets arising in the ordinary course of business, such as prepaid expenses, and do not represent investment activity, and do not create investment, leverage or potential systemic risk exposure.[60] Excluding incidental non-investment assets from the assessment would better align the reporting relief with its purpose of providing the Commissions and FSOC with insight to private fund

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[60] To the extent the SEC is concerned about the impact of a particular fund's incidental assets on its overall health, it can seek pertinent information through its books and records authority. *See* Section 204(b)(1) of the Advisers Act [15 U.S.C. § 80b-4(b)(1)].

investments in other private funds that potentially implicate potential systemic risk[61] and would avoid disparate reporting outcomes resulting from the presence of immaterial operational assets.

Third, ***the Commission should amend Instruction 7 to provide that the Fund of Funds Relief is applicable to the entire parallel fund structure and use the same aggregating principles used for reporting thresholds.*** For example, in the table below Funds A and B individually satisfy the 80% threshold, Fund C does not, and the parallel fund structure as a whole satisfies the threshold on an aggregated basis. Because Form PF already requires advisers to aggregate parallel funds for certain reporting threshold determinations, eligibility for the Fund of Funds Relief should likewise be determined on an aggregated basis. Finally, applying existing aggregation principles would promote consistency within Form PF, simplify implementation, and avoid different reporting outcomes for economically similar fund structures.

Fund	Assets	% Invested in Private Funds	Private Fund Investments
Fund A	$200m	90%	$180m
Fund B	$200m	85%	$170m
Fund C	$100m	65%	$65m
Aggregate Parallel Structure	$500m	83%	$415m

B. Consistency with U.S. GAAP and Other Regulatory Reports

Form PF currently collects, and as proposed would continue to collect, information that in several respects does not align with information reported by filers in their other regulatory reports that are prepared in accordance with U.S. GAAP.[62] This creates challenges for filers having to report and reconcile the same information across different regulatory frameworks and impacts the completeness, accuracy and timeliness of advisers' Form PF filings. The harmonization of Form PF with other regulatory reporting forms and with U.S. GAAP would allows filers to internally reconcile their reporting across regulatory filings, financial statements and internal risk management

61 2024 Amendments at 17990.

62 It also can cause examiners to raise questions about consistency of reporting during examinations of the private fund adviser, particularly given that both annual Form PF updates and hedge fund audited financials are due within the same timeframe—120 days of the end of a filer's fiscal year.

systems , all of which serve as a critical control framework to ensure completeness, accuracy and consistency of information reported to regulators.

The Commissions raise several requests for comment that invite consideration of these inconsistencies, including whether to delete certain definitions that result in inconsistencies between Form PF and other regulatory filings.[63] Instead of deleting these items from Form PF, we propose that, to the extent this information continues to be collected, the form should use definitions that align with those used in U.S. GAAP.

Instruction 15

Value Measurement

Instruction 15 provides a definition of "value"[64] that, depending on the specific asset class, requires advisers to use a combination of market values, which align with U.S. GAAP, or notional amounts, which do not align with U.S. GAAP.[65] This creates inconsistency with other regulatory forms that require these measures to be reported separately.[66] For example, the SEC's FOCUS

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63 *See*, *e.g.*, 2026 Proposing Release at 22245 (Request for Comment 41) (asking whether "the specific instructions for calculating 'value traded'" should be removed as proposed, and whether "General Instruction 15 and the [consolidated counterparty exposure] table itself sufficiently instruct filers about how to report value traded"); *see also* 2026 Proposing Release at 22253 (Request for Comment 76) (asking whether "any of the types of borrowing lending or transactions (*e.g.*, unsecured, secured borrowing and lending under a prime brokerage agreement, secured borrowing and lending via repo or reverse repo, other secured borrowing and lending, derivatives cleared by a CCP, and uncleared derivatives) **[should] be eliminated,** separated or consolidated in Question 26, Question 27, Question 28, Question 42 and Question 43[.]") (emphasis added).

64 The different measures of value reported in Form PF are as follows: (i) for derivatives (other than *interest rate derivatives* and options), value means *gross notional value*; (ii) for *interest rate derivatives,* value means the *10-year bond equivalent*; (iii) for options, value means delta adjusted notional value (expressed as a *10-year bond equivalent* for options that are *interest rate derivatives*); (iv) for all other investments and for all *borrowings* where the *reporting fund* is the creditor, *value* means market value or, where there is not a readily available market value, fair value; and (v) for *borrowings* where the *reporting fund* is the debtor, *value* means the value a filer reports internally and to current and prospective investors.

65 For example, Instruction 15 requires derivatives, other than interest rate derivatives and options, to be measured at gross notional value, whereas under U.S. GAAP, derivatives are reported at mark-to-market value. *See* ASC 815-10-05-4.

66 For example, broker-dealer FOCUS reports and Form 17-H filings require U.S. GAAP-based measurements and classification conventions reflecting items on the balance sheet.

Report requires reporting consistent with U.S. GAAP[67]—and Schedule OBS, filed as a supplement to the FOCUS Report, requires reporting of derivatives and other off-balance sheet items at notional value.[68] Additionally, Instruction 15 similarly requires filers to base long and short position classifications based on market-factor sensitivity rather than the balance sheet position classification methodologies used in other SEC, CFTC and Federal Reserve reporting frameworks.

The following illustrate some of the challenges that can arise from commingling value measurements:

(i) Different valuations can become commingled for funds holding interest rate swaps and cash instruments.

- For example, if a fund were to hold a $500 million Treasury bond (measured at market value) and a $1 billion notional interest rate swap with a $1 million mark-to-market value, Instruction 15 would require commingling of on-balance sheet market value for the Treasury bond and notional value for the interest rate swap, for a total value of $1.5 billion, even though the market value of investable assets is only $501 million).

(ii) A reporting fund's NAV, and therefore the NAV threshold that they meet, can become distorted.

- For example, a fund with a NAV of $500 million holds $20 billion in derivative notional, which would, according to Instruction 15, be reported with exposures significantly exceeding NAV, even though the market value of those instruments would be substantially closer to NAV.

To address these issues and ensure alignment with other reporting frameworks and the collection of reliable data, *we recommend that the* ***Commissions revise Instruction 15 to state the following***.

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67 Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 90 Fed. Reg. 7250 (Jan. 21, 2025) at 7295, *available at*: https://www.govinfo.gov/content/pkg/FR-2025-01-21/pdf/2024-30433.pdf.

68 FINRA Regulatory Notice: 13-10: SEC Approves Supplemental Schedule for Derivatives and Other Off-Balance Sheet Items, *available at*: https://www.finra.org/rules-guidance/notices/13-10. For example, the OBS requires firms to report their gross exposures in financing transactions whereas those transactions are netted under U.S. GAAP. Other forms similarly require reporting consistent with U.S. GAAP include the SEC's Form 17-H, the CFTC's Form 1-FR-FCM, and the Federal Reserve's Form FR Y-9C.

(i) unless otherwise expressly provided, filers should prepare Form PF using the same valuation, classification and exposure methodologies utilized in the reporting fund's U.S. GAAP financial statements;

(ii) if a question requires the filer to distinguish long positions from short positions, classify positions consistently with their presentation as assets and liabilities in the reporting fund's U.S. GAAP financial statements; ~~as follows: a long position experiences a gain when the price of the market factor to which it relates increases (and/or the yield of that factor decreases), and a short position experiences a loss when the price of the market factor to which it relates increases (and/or the yield of that factor decreases);~~

(iii) for derivatives, notional amounts, where requested, should be reported separately using the same methodology utilized in the reporting fund's U.S. GAAP financial statements.~~for all other investments and for all borrowings where the reporting fund is the creditor, "value" means market value or, where there is not a readily available market value, fair value; for borrowings where the reporting fund is the debtor, "value" means the value you report internally and to current and prospective investors; and~~

In addition to revising the definition of "value," the Commissions can require separate reporting by, among other things, amending certain questions such as Question 35 to add a column requiring the reporting of gross notional exposure next to long and short values.

Glossary of Definitions

Borrowings

The Commissions requested input on whether any clarifications or adjustments were needed to the definitions of "borrowing entries" and "lending entries," which the Commissions propose to add to the Form PF Glossary of Terms in light of the proposed changes to Question 42. The definition of "borrowing entries" relies on the definition of "borrowings," which results in the inclusion of positions that do not represent actual funding obligations, including derivative notional amounts and negative mark-to-market amounts. In fact, these items are economically distinct from borrowings and are generally reported separately from borrowings under U.S. GAAP and in other regulatory reporting frameworks. Including these instruments in the definition of "borrowing" results in the commingling of fundamentally different economic concepts and causes the same position to be classified differently across Form PF, financial statements and other regulatory filings.

This complicates reconciliations and may overstate leverage by including exposures that do not give rise to an obligation to repay borrowed funds. Borrowings should be limited to contractual funding obligations requiring repayment of principal or other cash consideration, while derivative exposures and notional amounts should continue to be reported separately through reporting fields specifically designed to capture those exposures.

***Accordingly, we recommend revising the definitions of "borrowings" to align with the reporting fund's U.S. GAAP financial statements and other applicable SEC, CFTC, FINRA and Federal Reserve regulatory reports and to only include contractual funding obligations requiring the repayment of principal or other cash consideration, such as bank loans, lines of credit notes payable, securities sold under repurchase agreements, and other financing arrangements accounted for as liabilities using U.S. GAAP*.**

Repo and Reverse Repo

Finally, the definitions of "repo"[69] and "reverse repo"[70] are inconsistent with U.S. GAAP,[71] other SEC and CFTC filings (*e.g.*, FOCUS,[72] Form 1-FR-FCM, Form 17-H), and other regulatory definitions.[73] The Form PF definitions are defined opposite of how such transactions are treated in

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69 Any purchase of securities coupled with an agreement to sell the same (or similar) securities at a later date at an agreed upon price (*i.e.*, a "securities in" transaction). Do not include any positions held via *CDS* (these should be recorded in the *CDS* category).

70 Any sale of securities coupled with an agreement to repurchase the same (or similar) securities at a later date at an agreed upon price (*i.e.*, a "securities out" transaction).

71 *See* ASC 860-30-20 (defining a "repo" as "a transaction in which a seller-borrower of securities sells those securities to a buyer-lender with an agreement to repurchase them at a stated price plus interest at a specified date or in specified circumstances. A repurchase agreement accounted for as a collateralized borrowing is a repo that does not qualify for sale accounting under Topic 860. The payable under a repurchase agreement accounted for as a collateralized borrowing refers to the amount of the seller-borrower's obligation recognized for the future repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a "reverse repo"; defining a "reverse repo" as "a transaction that is accounted for as a collateralized lending in which a buyer-lender buys securities with an agreement to resell them to the seller-borrower at a stated price plus interest at a specified date or in specified circumstances. The receivable under a reverse repurchase agreement accounted for as a collateralized borrowing refers to the amount due from the seller-borrower for the repurchase of the securities from the buyer-lender. In certain industries, the terminology is reversed; that is, entities in those industries refer to this type of agreement as a repo.").

72 Form X-17A-5 FOCUS Report Part II at 2, 4 (treating "Securities purchased under agreements to resell" as assets and "Securities sold under repurchase agreements" as liabilities).

73 *See* 17 CFR § 210.4-08(m)(1), which identifies a repurchase agreement as "securities or other assets sold under agreements to repurchase," and (m)(2), which defines a reverse repurchase agreement as "securities or other assets purchased under agreements to resell."

other filings (for example, a $500 million reverse repo would be reported as a $500 million asset under U.S. GAAP, but as a secured borrowing under Form PF). ***We therefore recommend that the Commissions align "repo" and "reverse repo" definitions with the definitions applied by U.S. GAAP and other regulatory filings, and recommend limiting the definition of "borrowings" to actual funding obligations and excluding "negative mark-to-market of derivative transactions" and "the gross notional value of synthetic long positions."***

Long and Short Positions

We also recommend aligning Form PF treatment of long and short positions with U.S. GAAP and other regulatory filings, where long positions are reported as assets and short positions as liabilities. For example, a purchased put option or purchased CDS protection is generally reported as long exposure or an asset under U.S. GAAP, but currently would be classified as a short exposure under Form PF because the position benefits when the underlying market factor declines. Conversely, a written put option or sold CDS protection is generally reported as a short exposure or a liability under U.S. GAAP, but would be classified as a long exposure under Form PF because the position benefits when the underlying market factor increases or credit quality improves.

Cash and Cash Equivalents

Finally, as noted above, the definition of "cash and cash equivalents" is inconsistent with U.S. GAAP definitions of cash[74] and cash equivalents[75] and should be harmonized to ensure cross-

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74 *See* ASC 230-10-20 ("Consistent with common usage, cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. All charges and credits to those accounts are cash receipts or payments to both the entity owning the account and the bank holding it. For example, a bank's granting of a loan by crediting the proceeds to a customer's demand deposit account is a cash payment by the bank and a cash receipt of the customer when the entry is made.").

75 *See* ASC 230-10-20 ("Cash equivalents are short-term, highly liquid investments that have both of the following characteristics:

a. Readily convertible to known amounts of cash

b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less qualify under that definition. Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year U.S. Treasury note purchased three comparability between a fund's financial reporting and its regulatory reporting.

C. Utilize Alphanumeric Codes

Form PF requests a large quantity of confidential commercial information from private fund advisers regarding their funds. The use of alphanumeric identifiers within Form PF would help to obscure the identity of Form PF filers to anyone who gains access to the filings without authorization. ***We therefore recommend that the Commissions require the use of alphanumeric identifiers within Form PF to obscure the identity of the registrant and its funds***. While this change was not specifically considered by the Commission, it is a change that would not affect the information collected by the Commissions or the burdens on the filers but would nevertheless reduce the risk of unauthorized use of the data or the consequences of any potential data breach that could occur.

V. Conclusion

MFA appreciates the opportunity to work with the Commissions on the Proposed Rules. We are generally supportive of the proposed changes and believe that with additional changes the Commissions and FSOC can improve the data collected for monitoring potential systemic risk.

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months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months. Examples of items commonly considered to be cash equivalents are Treasury bills, commercial paper, money market funds, and federal funds sold (for an entity with banking operations).").

*   *   *

We appreciate the opportunity to share our views on the Proposed Rules. Please do not hesitate to contact Matthew Daigler (mdaigler@mfaalts.org) or the undersigned (jhan@mfaalts.org) with any questions regarding this letter.

Sincerely,

/s/ Jennifer W. Han

Jennifer W. Han
Chief Legal Officer & Head of Regulatory Affairs
MFA

Cc: The Hon. Paul S. Atkins, Chairman, SEC
The Hon. Hester M. Peirce, Commissioner, SEC
The Hon. Mark T. Uyeda, Commissioner, SEC
Brian Daly, Director, Division of Investment Management, SEC

The Hon. Michael S. Selig, Chairman, CFTC
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