September 25, 2026

Via Electronic Submission

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U.S. Securities and Exchange Commission
110 F Street, N.E.
Washington, D.C. 20549

Christopher Kirkpatrick
Secretary
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
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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 provide these supplemental 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] MFA previously submitted a comment letter on June 23, 2026, on the 2026 Proposing Release supporting the

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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.

Commissions' efforts to streamline Form PF and better align reporting requirements with the statutory objective of systemic risk monitoring.[3] In that letter, we recommended a number of targeted revisions designed to improve the accuracy, comparability, and usefulness of Form PF data while reducing reporting obligations that are overly burdensome or require advisers to construct information not maintained in the ordinary course of business.[4]

MFA also appreciates the Commissions' recent decision to further extend the compliance date for the 2024 amendments to Form PF ("**2024 Amendments**")[5] until July 1, 2027.[6] As the Commissions recognized, additional time will help avoid potentially significant implementation costs while the Commissions consider the pending 2026 Form PF amendments and any further actions that may be warranted. The extension also supports an orderly implementation of Form PF by providing advisers and their service providers with sufficient time to implement any final reporting framework adopted by the Commissions and reducing the risk that firms incur substantial implementation costs with respect to requirements that may ultimately be modified or eliminated.[7]

This supplemental letter addresses five areas where additional clarification or refinements would further advance those objectives: (1) the qualifying hedge fund threshold, (2) aggregation, including the treatment of trading vehicles, disregarded feeder funds, and funds of funds, (3) conformity with U.S. GAAP, (4) the treatment of parallel funds, and (5) Section 5 current reporting. We welcome the opportunity to provide additional information and support regarding these issues.

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3 Letter from Jennifer W. Han, Chief Legal Officer & Head of Regulatory Affairs, MFA, to Vanessa A. Countryman, Secretary, SEC, and Christopher Kirkpatrick, Secretary, CFTC (June 23, 2026) ("**June Comment Letter**"), available at: https://www.mfaalts.org/wp-content/uploads/2026/07/Form-PF-Comment-Letter-As-submitted-6.23.26.pdf.

4 *Id.*

5 Form PF; Reporting Requirements for All Filers, 89 Fed. Reg. 17984 (Mar. 12, 2024), available at: https://www.govinfo.gov/content/pkg/FR-2024-03-12/pdf/2024-03473.pdf.

6 Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers; Further Extension of Compliance Date, 91 Fed. Reg. 56593 (Sep. 3, 2026), available at: https://www.govinfo.gov/content/pkg/FR-2026-09-03/pdf/2026-18104.pdf.

7 *See* June Comment Letter at 23 (discussing implementation challenges associated with the 2024 amendments, including the time required for FINRA to develop the Form PF schema and the resulting constraints on firms' ability to build, test, and validate reporting systems prior to compliance).

I. Executive Summary

This supplemental letter builds on our June 23, 2026 comment letter by offering additional clarifications and refinements in selected areas, each aimed at ensuring that Form PF collects information relevant to systemic risk monitoring while reducing the burden for reporting advisers. Our specific recommendations to the Commissions are as follows:

- **Qualifying Hedge Fund Threshold.** Adopt a $2 billion gross asset value ("**GAV**") threshold for qualifying hedge funds, which would align Section 2 reporting with Form PF's systemic risk objectives more accurately than the current $500 million net asset value ("**NAV**") threshold.
- **Aggregation.** Consistent with our prior comment letter, further align Form PF reporting with how advisers manage risk by permitting greater aggregation across integrated fund structures and by reducing requirements that compel advisers to disaggregate exposures that are managed, financed, and monitored on a consolidated basis. In particular, the Commissions should eliminate or significantly narrow trading-vehicle-specific reporting, expand relief for disregarded feeder funds, and avoid duplicative or incomplete reporting of fund-of-funds exposures.
- **Monthly Reporting.** Do not require monthly Form PF reporting; instead, rely on quarterly reporting, supplemented by Section 5 current reporting for significant developments. Monthly snapshots may be misleading and often require advisers to construct information that is not maintained or used in the ordinary course of business.
- **Conformity with U.S. GAAP.** Adopt a general principle that Form PF utilize U.S. GAAP concepts and definitions—including for cash and cash equivalents, valuation, long and short classifications, repos and reverse repos, and borrowings—unless a specific and compelling regulatory reason warrants a different approach. Aligning Form PF with audited financial statements would improve comparability, reduce reconciliation burdens, and enhance data quality.
- **Treatment of Parallel Funds.** Measure the qualifying hedge fund threshold on an individual fund basis and eliminate the requirement to aggregate separately managed parallel funds solely to determine whether the threshold has been met. Alternatively, if the Commissions continue to aggregate parallel funds for threshold purposes, permit reporting on an aggregated basis rather than requiring advisers to aggregate for threshold testing and then disaggregate for reporting.
- **Section 5 Current Reporting.** Make targeted refinements to the current reporting triggers, including clarifying the withdrawal-request reference point under Item H,

excluding internal restructurings and good-faith valuation disputes, and distinguishing margin increases caused by market stress from those resulting solely from asset appreciation. These changes would better focus current reporting on genuine indicators of potential systemic risk rather than technical or administrative developments.

- **Industry Concentration**. Rather than requiring a particular industry classification, include the option of using GICS industry classifications (i.e., the 6-digit code defining specific industry level) to the extent the filer has access to GICS codes and to only provide a NAICS code if it is relevant to the investment.

II. Qualifying Hedge Fund Threshold

As discussed in our prior letter, we strongly supported the proposal to increase Form PF reporting thresholds generally and recommended that the Commissions similarly increase the threshold for a "qualifying hedge fund" from $500 million in NAV to $1 billion.[8] We explained that the current threshold has remained unchanged since Form PF was adopted in 2011 despite substantial growth in the private fund industry and broader capital markets. We also noted that the current threshold captures many funds that are not systemically significant and may generate duplicative reporting obligations without materially enhancing the Commissions' ability to monitor systemic risk. This recommendation also is consistent with the broader principle that Form PF reporting thresholds should be periodically recalibrated to ensure that reporting remains focused on information most relevant to systemic risk monitoring. The qualifying hedge fund threshold has remained unchanged since 2011 despite substantial growth in the private fund industry and broader capital markets, making it increasingly likely that Form PF captures funds whose activities are not individually significant from a systemic-risk perspective.

We understand that the Commissions have an interest in continuing to capture funds that may present significant leverage, financing, or interconnectedness risks notwithstanding a lower NAV of a particular qualifying hedge fund. **To ensure that the Commissions continue to receive this data, we recommend that the Commissions instead adopt a $2 billion GAV threshold for qualifying hedge funds.** Based on further member experience, we believe that a $2 billion GAV threshold appropriately balances the Commissions' interest in continuing to capture leveraged and interconnected funds while reducing reporting obligations for funds that are not individually significant from a systemic-risk perspective.

A GAV-based threshold would more accurately align reporting obligations with the systemic risk objectives underlying Form PF. GAV better reflects the size and scale of a fund's market exposures and is less affected by financing structures, netting arrangements, and

[8] *See* June Comment Letter at 7-9.

offsetting positions than a NAV-based measure. As a result, a GAV threshold would continue to capture funds with substantial market exposures, including highly leveraged funds whose NAV may not fully reflect the magnitude of their activities.

At the same time, increasing the threshold would focus Section 2 reporting on larger and more complex funds that are more likely to provide information relevant to systemic risk monitoring. The existing $500 million NAV threshold was established more than a decade ago and has not kept pace with growth in private fund assets or broader market developments. As a result, the threshold now captures a substantial number of funds that require extensive reporting while contributing relatively little incremental information regarding systemic risk.

A $2 billion GAV threshold appropriately balances these considerations. It would reduce reporting burdens for advisers while continuing to capture funds with significant market exposures, including funds that utilize substantial leverage. **We also continue to recommend that the Commissions exclude unfunded commitments from threshold calculations because undeployed capital does not contribute to the types of risks Form PF is intended to monitor.**

III. Aggregation

Reporting requirements that force advisers to disaggregate economically and legally integrated structures often require assumptions and allocation methodologies that reduce comparability across filers and can obscure, rather than illuminate, actual risk exposures. In the following, we further address how the Commissions can amend Form PF to better address how advisers manage risk, and therefore provide the Commissions with more accurate information, with respect to (i) trading vehicles, (ii) disregarded feeder funds, and (iii) funds of funds.

A. Trading Vehicles

1. Trading Vehicle Reporting Does Not Reflect How Risk Is Managed

In our previous letter, we supported the proposal to narrow the scope of reportable trading vehicles but recommended that the Commissions go further. Specifically, we explained that advisers generally do not manage trading vehicles on a stand-alone basis and that counterparty exposures, liquidity management, and financing arrangements are typically evaluated on an aggregated basis.[9] We therefore recommended eliminating the remaining look-through requirements applicable to trading vehicles and removing requirements to separately report trading vehicle exposures in Questions 27 (open positions), 28 (position-level exposure information), 42 (borrowings and types of creditors), 43 (counterparty credit exposure), and 44 (central clearing counterparty exposures) of the 2024 Amendments. We noted that these

[9] *See* June Comment Letter at 12-13.

requirements often necessitate firm-specific allocation methodologies that reduce consistency and comparability across filings. For example, a single trading vehicle may be wholly owned by, guaranteed by, and consolidated into the financial statements of a parent fund, such that the fund's counterparties evaluate the two entities on a combined basis rather than separately. In one structure, a parent fund and its wholly owned subsidiary each separately maintained a substantial number of unique counterparty relationships, but the combined entity maintained only modestly more relationships than the parent fund alone—demonstrating that a substantial portion of the separately reportable relationships are duplicative once the entities' overlapping exposures are consolidated.

Requiring advisers to disaggregate and separately report such overlapping relationships would not reflect how those exposures are financed, collateralized, or monitored, and could materially overstate both the number and the magnitude of a fund complex's distinct counterparty exposures. For example, the proposal's reporting requirements for trading vehicles raise significant concerns where advisers manage counterparty exposures under master netting agreements that span multiple legal entities. In many cases, counterparties evaluate exposure and collateral requirements across a group of funds and trading vehicles pursuant to a single master netting arrangement. Requiring advisers to disaggregate netted exposures and allocate them among individual trading vehicles would not reflect how the exposures are managed, monitored, or calculated in practice. Such allocations often cannot be derived directly from books and records and would instead require firms to develop subjective allocation methodologies. In addition, if the net exposure is guaranteed by a primary fund, allocating exposures to underlying trading vehicles could present a misleading portrait of risk to regulators. Requiring separate reporting for entities whose exposures are consolidated with, or guaranteed by, a parent fund may obscure the entity that ultimately bears the relevant obligation and is evaluated by the counterparty for credit purposes. Where obligations are guaranteed or otherwise supported by a parent fund, the relevant credit exposure is often assessed at the parent-fund level rather than at the level of the individual trading vehicle. In these circumstances, disaggregated reporting may be less accurate than the aggregated exposure information already maintained by advisers and counterparties.

As a result, advisers could report materially different counterparty exposures despite being subject to economically identical arrangements. More importantly, the resulting figures would depict exposures on a stand-alone basis that do not exist under the governing contractual arrangements. We therefore urge the Commissions to permit reporting on the same netted basis used for counterparty credit evaluation and assessment of collateralization, and to eliminate reporting requirements that necessitate artificial allocations of netted exposures among affiliated trading vehicles. This issue is particularly important because the information generated through such allocations may be less accurate and less useful than the aggregated exposure information already maintained by both advisers and counterparties.

2. The Proposed Definition Captures Entities That Do Not Present Independent Risk

In addition, many entities that fit the proposed definition of a reportable trading vehicle are legal entities established for niche trading purposes—*e.g.*, Real Estate Holdings, L.L.C. The definition of trading vehicle as proposed is quite broad and will likely capture many entities that could lead to inconsistent and potentially misleading data and will require significant work on the part of advisers to report a myriad of details about funds that do not ultimately present an accurate picture of potential systemic risk. The breadth of the proposed definition also imposes a substantial and often duplicative reporting burden.

Based on one member's analysis, the member would expect to report a large number of trading vehicle exposures in the ordinary case, and that number would increase several-fold if the member were required to report trading-vehicle-by-counterparty combinations. Even after narrowing the reportable universe to trading vehicles that maintain their own financing relationships and hold more than $1 billion in gross assets, that member estimated it would still be required to report on a substantial number of distinct counterparty relationships. Because only a small portion of reportable trading vehicles maintain financing relationships of their own, much of this reporting would capture entities that do not independently interact with the market, despite the Commissions' efforts to reduce the number of trading vehicles that need to be reported.

3. The Requested Data Is Not Maintained or Used in the Ordinary Course

The granularity that Form PF would require also exceeds the information counterparties themselves collect and use. While counterparties obtain a substantial amount of information through their regular counterparty credit review process, advisers cannot confirm that this information is maintained at the level of granularity that Form PF would require at the trading vehicle level. In practice, and subject to negotiation across relationships, advisers typically provide counterparty credit officers with a mix of monthly reports—such as unaudited statements of financial condition and of changes in members' capital, lifetime members' capital and performance summaries, and fund- or trading-vehicle-level exposure reports—together with quarterly master-fund-level questionnaires, annual audited financial statements, and availability for ad hoc questions during periods of market volatility and annual due diligence reviews.

The monthly and periodic information that counterparties and investors actually receive differs materially—both in content and in level of detail—from the data that the 2024 Amendments and the Proposed Rules would require advisers to report. Investors, for their part, typically receive monthly statements of NAV and performance, together with periodic exposure and risk summaries; they typically do not receive, and do not request, the position-, counterparty-, and entity-level detail that Form PF collects. That mismatch is telling. The parties with capital directly at risk in these funds—the counterparties that extend financing and the investors that

provide the equity—have every incentive to request information they consider necessary to monitor a fund's condition, yet do not receive any type of data that is as granular as the monthly data that Form PF's requirements compel. This suggests not only that certain monthly reporting requirements adopted in the 2024 Amendments require advisers to construct information that is neither maintained in the ordinary course of business nor used by counterparties to evaluate credit risk, but also that the Commissions have not identified a persuasive basis for continuing to collect such information where sophisticated market participants themselves do not use it to assess a fund's risk profile.[10]

4. Monthly Collection Is Not Justified

More fundamentally, this mismatch calls into question the premise that Form PF should collect this information on a monthly basis at all.[11] The relevant question is not simply whether the Commissions are soliciting the right monthly data points; it is whether monthly collection is warranted in the first instance. We do not believe it is. Month-end snapshots are sensitive to timing and can present a distorted picture of a fund's ongoing exposures, and assembling them requires advisers to construct, on a recurring monthly cadence, information they do not otherwise maintain at month-end. Neither the counterparties that finance these funds nor the investors that capitalize them rely on monthly data of this kind to assess fund risk, and the Financial Stability Oversight Council's ("**FSOC**") systemic risk analysis has consistently focused on the size, leverage, and interconnectedness of larger funds over time rather than on month-to-month fluctuations. Where genuine stress emerges between periodic filings, Section 5 current reporting already provides the Commissions with timely, event-driven notice. Layering a monthly data requirement on top of that framework would impose substantial and recurring burdens without producing information that is either used by market participants or meaningfully

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[10] The concerns regarding trading vehicle reporting are not unique to MFA members. Other industry commenters likewise recommended eliminating or significantly narrowing trading vehicle reporting requirements, explaining that legal-entity-level reporting may not reflect how financing arrangements, collateral relationships, counterparty exposure, and liquidity management are monitored in practice and may require advisers to create allocation methodologies that are not maintained in the ordinary course of business. These commenters similarly noted that requiring exposures to be reported at the trading vehicle level can reduce comparability across filers and produce information that does not correspond to how counterparties evaluate risk. To the extent the Commissions retain trading vehicle reporting, they should seek to minimize reporting requirements that require advisers to create allocation methodologies that are not used for risk management by advisers or counterparties or maintained in the ordinary course of business. *See, e.g.,* IAA Comment Letter (June 23, 2026), at 15-16; SIFMA AMG Comment Letter (June 23, 2026), at 7-8; AIMA Comment Letter (June 23, 2026), Responses to Questions 26-27.

[11] *See* June Comment Letter at 21-23.

additive to the Commissions' ability to monitor systemic risk.

5. Recommendations

We recommend that the Commissions align Form PF reporting with the manner in which advisers and counterparties actually manage and evaluate risk by eliminating the remaining trading-vehicle-specific reporting requirements. Permitting reporting on an aggregated, netted basis would improve the accuracy, comparability, and regulatory utility of Form PF data.

To the extent the Commissions do not eliminate trading-vehicle-specific reporting entirely, the scope of reportable trading vehicles should at a minimum be narrowed. In addition to permitting aggregated, netted reporting aligned with how advisers and counterparties monitor risk, the Commissions should exclude from reporting (i) trading vehicles with less than $1 billion in gross assets and (ii) trading vehicles that are wholly owned and for which audited financial reports are prepared on a consolidated basis with a parent fund. A $1 billion threshold would focus reporting on trading vehicles that are more likely to maintain material, market-facing exposures while excluding smaller entities that generally do not contribute meaningful incremental systemic risk. These entities do not independently contribute to the risk profile of the overall fund structure, and their exclusion would meaningfully reduce reporting burdens without diminishing the Commissions' visibility into the exposures that are relevant to potential systemic risk.

We further recommend that the Commissions not require monthly reporting and instead rely on quarterly reporting and Section 5 current reporting for significant developments. Neither the counterparties that finance these funds nor the investors that capitalize them rely on monthly data of this kind to assess fund risk. Rather, they generally evaluate exposures through periodic reporting, audited financial statements, due-diligence reviews, and ongoing credit monitoring, supplemented by event-driven communications when material developments occur.

B. Disregarded Feeder Funds

In our previous letter, we supported the proposal to permit advisers to disregard certain feeder funds, but recommended several modifications.[12] Specifically, we recommended permitting disregarded feeder status where a feeder invests in one or more master funds, extending relief to feeders holding currency hedging instruments, and increasing the proposed de minimis threshold from five percent to ten percent. These recommendations were intended to

[12] *See* June Comment Letter at 9-11.

better align reporting with fund structures that function as a single economic unit and to avoid requiring separate reporting for entities that do not independently contribute to systemic risk.

We support the proposal to permit advisers to disregard certain feeder funds and recommend several modifications to ensure that the relief encompasses structures that function as a single economic unit with their corresponding master funds.

1. Cash and Cash Equivalents

The Commissions should increase the proposed de minimis threshold from five percent to ten percent and define cash and cash equivalents by reference to U.S. GAAP. Feeder funds commonly maintain cash balances for subscription processing, redemption activity, currency management, expense payments, and other ordinary operational purposes. A five percent threshold is unnecessarily restrictive and would result in separate reporting for many feeders that are economically indistinguishable from funds qualifying for the relief. These holdings are common in ordinary practice. Feeder funds frequently invest in money market funds and currency-hedging instruments, and while some hold only a single such investment, larger feeders may hold more than five percent of their gross asset value in these instruments. The use of currency-hedging products depends on both the investments made by the master fund and the currency in which the feeder's investors are paid—for example, a macro strategy or an emerging-markets equity strategy may generate foreign-currency exposures even though the feeder fund must pay its investors in U.S. dollars. A five percent threshold that excludes these ordinary cash-management and hedging positions would therefore require separate reporting for many feeders that function as a single economic unit with their master funds.

The Commissions also should rely on established U.S. GAAP definitions of cash and cash equivalents rather than creating a Form PF-specific standard. Utilizing existing accounting definitions would promote consistency with audited financial statements, reduce interpretive uncertainty, and improve data quality.

We do not believe it is necessary to limit qualifying cash holdings to instruments issued by particular jurisdictions, such as G-7 countries. If the feeder fund functions as a true feeder fund, the relevant question is whether its non-master-fund assets are incidental to that purpose. Thus, if an asset qualifies as cash or a cash equivalent under the applicable accounting standard and remains within the *de minimis* threshold, additional geographic limitations on what is a cash or cash equivalent would provide data that is not reflective of systemic risk, which would reduce the utility of Form PF data and would not advance systemic risk monitoring.

2. Investments in Multiple Master Funds

The Commissions should permit a disregarded feeder fund to invest in up to four master funds while remaining eligible for the relief. In our prior letter, we recommended allowing a disregarded feeder fund to invest in one or more master funds. Upon further consideration, we believe it is appropriate to place a reasonable limit on the number of master funds while still accommodating the fund structures commonly used by advisers for operational, tax, regulatory, and investor-servicing reasons. Many fund complexes utilize multiple master funds while managing those funds as parts of an integrated investment platform. Limiting relief to feeders investing in a single master fund would exclude common structures that present the same risk profile as a traditional master-feeder arrangement. Moreover, limiting relief to a single master fund would depart from how advisers monitor and manage liquidity, financing, and market exposures for systemic-risk purposes, which are often assessed across an integrated investment platform rather than on a master-fund-by-master-fund basis.

At the same time, we recognize the importance of preserving the distinction between feeder funds and fund-of-funds structures. We believe permitting investments in up to four affiliated master funds strikes an appropriate balance. Upon further consideration of the recommendation in our prior letter to permit investments in one or more master funds, we believe a four-master-fund limit would accommodate the multi-master structures commonly used for operational, tax, regulatory, and investor-servicing purposes, while ensuring that the relief remains focused on integrated master-feeder arrangements rather than vehicles whose primary purpose is to allocate capital across a broader portfolio of underlying funds. It would provide flexibility for legitimate master-feeder arrangements without expanding the relief so broadly that it effectively encompasses fund-of-funds structures.

3. Employee Investment Vehicles

The Commissions should provide an alternative path to disregarded status for feeder funds that are offered exclusively to employees, partners, or other personnel of the adviser and its affiliates. Employee investment vehicles frequently invest alongside the adviser's principal investment funds and are often designed to ensure that employees invest in substantially the same strategies as external investors.

Restricting these vehicles from qualifying for disregarded treatment solely because they invest across multiple master funds would create unnecessary reporting obligations without generating information relevant to systemic risk. Indeed, allowing employees to invest alongside investors in the firm's principal funds promotes alignment of interests by ensuring that personnel have meaningful exposure to the same investment outcomes as external investors. These vehicles generally do not create market-facing exposures that are distinct from those already reflected in

the reporting of the affiliated funds in which they invest. Accordingly, employee-only investment vehicles should be eligible for disregarded treatment regardless of the number of affiliated master funds in which they invest.

C. Fund of Funds

In our previous letter, we recommended expanding existing fund-of-funds relief.[13] Specifically, we recommended eliminating the rigid 80 percent threshold, disregarding incidental operational assets, and applying the relief across an aggregated parallel fund structure rather than solely on a fund-by-fund basis. We explained that funds investing exclusively in private fund interests, cash, cash equivalents, and currency hedging instruments present substantially similar exposure profiles regardless of minor differences in cash balances or fund structuring and therefore should receive equivalent reporting treatment.

1. Avoiding Double Counting and Incomplete Look-Through Reporting

Form PF should avoid reporting approaches that create the risk of duplicative or incomplete reporting of underlying exposures. Fund-of-funds advisers frequently do not receive portfolio holdings information from underlying funds on a real-time basis and often receive only periodic reports subject to reporting delays. Any requirement to look through underlying funds could therefore result in stale, estimated, or incomplete information. At the same time, many underlying private funds already may be separately reported on Form PF by their advisers. Requiring additional look-through reporting at the fund-of-funds level risks creating duplicative exposure information that may be difficult for regulators to interpret consistently.

2. Reporting Should Focus on Risks the Adviser Can Actually Manage

Form PF reporting should reflect the degree of control exercised by the reporting adviser. Unlike advisers managing master-feeder structures or affiliated trading vehicles, advisers to funds of funds generally do not determine portfolio construction, leverage levels, financing arrangements, collateral practices, or liquidity management decisions at the underlying funds in which they invest. Reporting frameworks that assign these exposures to fund-of-funds advisers may therefore provide a misleading picture of where relevant risk-management decisions are actually made. To the extent the underlying funds are themselves subject to Form PF reporting, the Commissions can obtain this information directly from the advisers responsible for those decisions. Requiring fund-of-funds advisers to report those same exposures risks duplicative reporting while attributing to the fund-of-funds adviser risks that it neither creates nor manages.

[13] *See* June Comment Letter at 25-26.

3. Consistency Across Economically Equivalent Structures

The Commissions should seek to ensure that economically similar investment exposures are reported consistently regardless of the legal structure through which those exposures are obtained. Investors may gain exposure to substantially similar assets either directly or through investments in underlying private funds. Where the resulting economic exposures are comparable, Form PF should avoid imposing materially different reporting outcomes solely because an investment strategy is implemented through a fund-of-funds structure. Doing so would improve comparability across filings and enhance the usefulness of Form PF data for systemic risk analysis.

Accordingly, the Commissions should permit a reporting adviser to rely on information regarding underlying private funds that the adviser receives in the ordinary course and should not require the adviser to construct, estimate, or look through to information that it does not possess. Where an underlying private fund is separately reported on Form PF, the Commissions should avoid requiring duplicative reporting of the same underlying exposures at the fund-of-funds level. Form PF reporting should instead focus on the exposures and risks that the fund-of-funds adviser can directly monitor and manage.

IV. Conformity with U.S. GAAP

In our previous letter, we urged the Commissions to further harmonize Form PF with U.S. GAAP and other regulatory reporting frameworks.[14] We explained that Form PF currently requires reporting methodologies that diverge from audited financial statements and other SEC, CFTC, FINRA, and Federal Reserve reporting regimes. These inconsistencies increase reconciliation burdens, create examination challenges, and can reduce the comparability and reliability of reported information. We also provided several examples illustrating how Form PF's current reporting conventions can produce results that differ materially from U.S. GAAP, including the commingling of derivative notionals and balance-sheet amounts, the treatment of repos and reverse repos, the definition of borrowings, the classification of long and short positions, and the definition of cash and cash equivalents. **We therefore recommended aligning valuation methodologies, long and short position classifications, definitions of borrowings, repo and reverse repo treatment, and definitions of cash and cash equivalents with U.S. GAAP.[15] We also**

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[14] *See* June Comment Letter at 26-32.

[15] In our June 23, 2026 letter, we explained, among other things, that Form PF currently (i) commingles derivative notional amounts with balance-sheet measures, (ii) defines borrowings more broadly than comparable accounting and regulatory reporting frameworks, (iii) employs repo and reverse repo definitions that differ from U.S. GAAP, (iv) classifies certain long and short positions differently

recommended that derivative notional information be reported separately rather than commingled with balance-sheet measures. Any departure from U.S. GAAP concepts should be supported by a specific regulatory objective and clearly explained in the Form PF instructions.

We continue to believe that Form PF should be aligned with U.S. GAAP wherever practicable. A fundamental objective of the current Form PF modernization effort should be to reduce the number of situations in which advisers must calculate metrics using methodologies that differ from those used in audited financial statements and ordinary-course books and records.

The examples discussed in our prior letter demonstrate that many of the differences between Form PF and U.S. GAAP do not merely create technical reconciliation issues. Rather, they can result in economically similar exposures being reported differently across regulatory filings and audited financial statements. As the Commissions have repeatedly emphasized, obtaining accurate, consistent, and comparable information is critical to effective systemic risk monitoring. Greater alignment with U.S. GAAP would facilitate regulatory reviews, examinations, and data validation efforts. When Form PF employs definitions or methodologies that differ from audited financial statements, advisers and regulators must devote substantial resources to explaining and reconciling those differences. As a result, examination staff reviewing Form PF filings alongside audited financial statements may encounter differences that reflect reporting methodology rather than substantive economic distinctions. Aligning Form PF with established accounting standards would improve transparency regarding reported figures and strengthen regulators' ability to validate reported information efficiently. Those objectives are best achieved by relying on established accounting standards that are already widely understood, audited, and embedded within advisers' reporting systems. Requiring advisers to apply Form PF-specific definitions increases operational complexity and often requires manual calculations, reconciliations, and judgment-based adjustments that can reduce comparability across filers.

Accordingly, we recommend the Commissions adopt a general principle that Form PF reporting should utilize U.S. GAAP concepts and definitions unless the Commissions identify a specific and compelling regulatory reason for a different approach. This principle should apply to, among other items, cash and cash equivalents, asset valuation, classification of long and short positions, treatment of repos and reverse repos, borrowings, and other balance-sheet measures.

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from financial statements, and (v) defines cash and cash equivalents more narrowly than U.S. GAAP. We encouraged the Commissions to conform these concepts to established accounting treatment.

V. Treatment of Parallel Funds

As currently structured, the definition of "qualifying hedge fund" is measured on an aggregated basis, capturing any hedge fund that has a NAV "individually or in combination with any feeder funds, parallel funds and/or dependent parallel managed accounts" of at least $500 million. The 2024 Amendments compound the effect of this aggregation: once the combined NAV of a group of parallel funds crosses the threshold, the adviser must then separately report each parallel fund, even though the funds were aggregated in the first instance solely to determine that the threshold was met. The result is a construct that aggregates separately managed funds to pull them within the reporting perimeter, only to require disaggregated reporting of each of them thereafter—an approach that neither reflects how these funds interact with the market nor produces information that is meaningful for potential systemic risk monitoring.

Parallel funds are distinct legal entities that pursue substantially the same investment strategies but are managed separately for financing, collateral, and counterparty purposes. Unlike the component entities of a single master-feeder structure, which advisers generally manage as a single economic unit, parallel funds frequently maintain separate prime brokerage relationships, trading counterparties, and financing arrangements. As a result, each parallel fund presents its own credit, liquidity, and counterparty profile to the market. The question, therefore, is not whether the funds present risk, but how that risk should be measured. Aggregating the NAV of separately managed parallel funds solely to determine whether the qualifying hedge fund threshold is met measures the combined size of a collection of legally and operationally distinct funds rather than the exposures of any individual fund. As a result, aggregation can create the misleading impression that the market is exposed to a single large, interconnected pool of assets when, in fact, the strategy is carried out through separate funds that are independently financed, separately collateralized, and capable of being wound down individually.

The systemic risk consequences of this aggregation are best illustrated by example. Consider an adviser that manages 40 parallel funds, each with $50 million in NAV. No individual fund in that group approaches a size at which its activities "could have an impact on particular markets in which [it] invests or on [its] particular counterparties," which was the very rationale the Commissions offered for the threshold when Form PF was first propsed.[16] Yet, because their combined NAV is $2 billion, aggregation sweeps all 40 funds into qualifying hedge fund status and requires a separate, granular report for each—overstating the significance of a set of funds that, individually, FSOC's discussion of hedge-fund-related systemic risk has generally focused on larger and more highly leveraged funds. This is precisely the sort of distortion the Commissions

[16] Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, 76 Fed. Reg. 8068, 8080 (Feb. 11, 2011) ("**2011 Form PF Proposal**")

have elsewhere sought to avoid: FSOC has identified *larger* hedge funds carrying greater leverage as posing the greater potential for systemic risk given their "outsized effects on financial markets and counterparties," and the current threshold already captures many funds that, due to their smaller size, are not individually consequential to systemic health.[17] Aggregating small, separately managed parallel funds risks capturing collections of funds that are not individually significant to markets or counterparties, even though the threshold was designed to identify funds whose activities may independently warrant heightened reporting.

Assessing the threshold on a fund-by-fund basis would not deprive the Commissions or FSOC of relevant information. Where the strategy carried out across parallel funds is genuinely significant, the funds that are individually large enough to matter would continue to report; and information regarding smaller funds and their advisers remains available through Form ADV and the SEC's books and records authority under Section 204(b) of the Advisers Act. This approach is also consistent with the principle that animates our other recommendations—that Form PF should collect data that reflects how advisers actually manage risk and how funds actually interact with the market, rather than data constructed through aggregation conventions that obscure, rather than illuminate, the underlying economic and counterparty exposures.

We therefore recommend that the Commissions revise the definition of "qualifying hedge fund" to measure the threshold on an individual fund basis and to eliminate the requirement to aggregate the net asset value of separately managed parallel funds (and dependent parallel managed accounts) for purposes of determining qualifying hedge fund status. A parallel fund should be treated as a qualifying hedge fund only where it individually meets the applicable threshold.

Alternatively, if the Commissions continue to believe that aggregation of parallel funds is necessary for purposes of determining whether a reporting threshold has been met, the Commissions should permit advisers to report parallel fund structures on an aggregated basis once the threshold is exceeded. Prior to the 2024 Amendments, Form PF generally permitted advisers to report parallel fund structures on an aggregated basis, which provided the Commissions and FSOC with visibility into the overall size and exposures of the strategy without requiring separate reporting for each parallel fund. That approach was more consistent with the purpose of threshold aggregation itself. If aggregation is used to determine that a collection of

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[17] *See id.* (explaining that the threshold was intended to identify funds whose activities "could have an impact on particular markets in which they invest or on their particular counterparties"). *See also* FSOC, *2024 Annual Report* (Dec. 6, 2024), at 61-64, available at: https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf (discussing risks associated with larger and more highly leveraged hedge funds and their potential outsized effects on financial markets and counterparties).

parallel funds is sufficiently significant to warrant reporting, the resulting report likewise should reflect the aggregated strategy rather than require separate reports for each component fund. Requiring advisers first to aggregate parallel funds to determine that a threshold has been crossed and then to disaggregate those same funds for reporting purposes creates unnecessary complexity, increases reporting burdens, and can overstate the significance of individual funds that would not independently satisfy the threshold. Permitting aggregated reporting would provide regulators with information regarding the overall scale, leverage, financing, liquidity, and counterparty exposures of the strategy while avoiding duplicative reporting and preserving consistency with the historical operation of Form PF.

VI. Section 5 Reporting

In our previous letter, we supported the Commissions' proposal to narrow Section 5 current reporting requirements and eliminate several event-reporting triggers.[18] We also recommended additional refinements, including adopting a three-business-day reporting deadline, establishing a more objective standard for operational event reporting, clarifying that operational event reporting should begin when an adviser determines that a reportable event has occurred, and limiting repeated redemption-reporting obligations to material increases above established thresholds. We explained that these changes would improve reporting accuracy while reducing unnecessary filings based on incomplete or preliminary information.

We support the Commissions' efforts to focus Section 5 reporting on events that may provide meaningful indicators of potential systemic risk. We are concerned, however, that certain aspects of the proposal could result in current reports that are triggered by operational or technical circumstances that do not reflect actual stress at a qualifying hedge fund. Current reporting should be triggered by developments that reflect genuine changes in a fund's liquidity, leverage, financing, counterparty, or operational risk profile, rather than technical or administrative events that do not materially affect the fund's economic condition.

First, the Commissions should revise the reference point used to calculate the withdrawal-request threshold under Item H. As proposed, advisers must evaluate whether withdrawal requests equal or exceed 50 percent of a fund's "most recent net asset value," which is defined by reference to the end of the most recent calendar quarter. In practice, however, an adviser may not have finalized the fund's quarter-end net asset value when withdrawal requests are received. For example, a fund may receive significant withdrawal requests on July 1 while still awaiting pricing information necessary to calculate its June 30 net asset value. In such circumstances, advisers may be unable to determine whether a reporting threshold has been crossed and therefore may be unable to ascertain whether a current report is required. To avoid

[18] *See* June Comment Letter at 19-21.

this uncertainty, the Commissions should instead measure the threshold using the most recent quarter-end net asset value reported in a filed Form PF. This approach would provide advisers with a readily available and objective reference point while ensuring consistent application of the reporting requirement.

Second, the current reporting trigger relating to increases in margin posted should be revised to distinguish between increases resulting from market stress and increases resulting solely from appreciation in the value of assets previously posted as collateral. As drafted, the provision could require reporting where the value of securities posted as margin increases significantly due to favorable market movements, even though such appreciation generally reflects improving fund conditions and declining counterparty credit concerns rather than elevated systemic risk. Requiring reports in these circumstances would generate notifications that are unrelated to the policy objectives underlying Section 5 and could reduce the usefulness of reported information.

Third, the Commissions should clarify that withdrawal requests resulting solely from internal fund restructurings, reorganizations, or similar transactions do not trigger Item H reporting. Advisers periodically restructure fund vehicles for tax, operational, regulatory, or investor-servicing purposes. These transactions may require investors to formally withdraw from one fund vehicle and contribute the same assets to a successor or affiliated vehicle, even though investors are not redeeming capital from the management platform. Because no capital is leaving the investment program, these transactions do not indicate liquidity stress, investor concerns, or broader market disruption. Nonetheless, they may technically satisfy the reporting threshold under Item H. The potential for misleading reports is particularly acute where a qualifying hedge fund serves as an investment vehicle for a single investor and the restructuring process results in withdrawal requests that exceed the applicable threshold. The Commissions should therefore exclude withdrawals associated with bona fide internal restructurings and transfers within an adviser's fund complex from Item H reporting.

Fourth, the Commissions should ensure that current reporting is not triggered by good-faith valuation disputes involving hard-to-value positions. Certain private deals or investments traded by a fund do not have a readily available market price, and a counterparty may not yet have established a price or may disagree with the price established by the adviser. In these circumstances, the resulting margin deficit may increase or decrease, and the counterparty may dispute an adviser's request for a return of collateral based on the adviser's calculation and assertion that the margin requirement has reduced. If the disputed amount exceeds five percent of the fund's NAV, the event could be characterized as reportable under Section 5, Item E, even though the counterparty is not in default and is merely in the process of establishing a value for the investment. Because the 72-hour reporting window may expire before the parties resolve the pricing question—particularly where a weekend or holiday intervenes—this dynamic could lead to

over-reporting and, in some cases, to the retraction of a filing once the relevant facts are established. The Commissions should clarify that a bona fide valuation dispute of this kind does not, by itself, trigger a current report.

More broadly, these examples illustrate the importance of ensuring that Section 5 reporting requirements are calibrated to identify events that are genuinely indicative of potential systemic risk rather than technical or administrative developments. Targeted revisions to the proposed triggers would improve the quality and relevance of the information received by the Commissions while reducing unnecessary reporting burdens on advisers.

VII. Industry Concentration

In our previous letter, we provided comment on the Commission's proposal to simplify industry reporting by permitting filers to report fewer NAICS code digits.[19] In particular, we highlighted that 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. As a result, the proposed simplification would require complicated mapping and reliance on third-party services providers, which would introduce an additional translation layer that increases the risk of inconsistent mapping across filers. Instead, 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. In addition, many firms report industry concentration to investors using the GICS 6-digit code (Level 3) that provides concentration at a specific industry level. **We therefore further refine our recommendation that Form PF add the option of using the 6-digit Level 3 GICS code to the extent the filer has access to GICS codes and to only provide a NAICS code if it is relevant to the instrument**.

VIII. Conclusion

The recommendations in this supplemental letter share a common objective: ensuring that Form PF captures information that is relevant to systemic risk monitoring while reducing requirements that compel advisers to create information that is not maintained or used in the ordinary course of business. Whether through better calibration of reporting thresholds, reporting based on integrated risk management practices, greater reliance on established accounting standards, or refinement of current reporting triggers, the Commissions can improve both the quality of reported information and the efficiency of the reporting framework.

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[19] *See* June Comment Letter at 18-19.

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We appreciate the opportunity to provide these supplemental comments and look forward to continuing to work with the Commissions to ensure that Form PF remains focused on collecting information that is relevant, reliable, and useful for systemic risk monitoring. 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

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