

Who is Subject to Form PF

1. A Manager must report on Form PF if it is SEC and has at least \$150 million in Regulatory AUM in “private fund assets” as defined.
2. ERAs do not have to report. State registered advisers do not have to report.
3. Private fund assets can in some cases include separate account assets in the calculation.

Structure of the Form

- SEC:
1. Most managers will only need to complete Section 1 of the Form and file annually. Section 1a asks general information about you and the types of funds you advise. Section 1b asks for certain information about the private funds you advise. Section 1c applies if you manage one or more hedge funds and asks information about the hedge funds.
 2. Hedge fund advisers with \$1.5 billion in hedge fund assets under management must complete Section 2a of the form as well, and file quarterly. Measured as of the last day of any month in the fiscal quarter. 2a is aggregate information about your funds.
 3. Managers completing Section 2a must complete a Section 2b for each “qualifying hedge fund” - funds with NAV of \$500 million or more (must combine parallel funds and dependent parallel managed accounts) as of the last day of any month.

Structure of the Form

4. Section 3 is for private money market funds.
5. Section 4 is for managers with \$2 billion or more in private equity funds under management as of the last day of the most recent fiscal year.

General Observations

1. Form is extremely dense. There are many definitions, and many of them do not follow “the plain English” meaning.
2. It is essential before completing the Form that you thoroughly review the instructions and the definitions.
3. The SEC has an FAQ on Form PF. You must review that as well.
4. The Form is labor intensive. It may require calculations or reporting that you do not maintain in the normal course. You need to plan ahead to set up systems/protocols for generating the information needed to complete the Form.

General Observations

5. Many advisers are relying on fund administrators and prime brokers to supply information or (in the case of an admin) complete portions of the form. These service providers will get overwhelmed. Get in the queue now and obtain firm assurances that your service providers will have the resources to assist you.
6. Start early. I'd begin familiarizing myself with the form now, and begin assigning responsibility for/making a plan for getting it completed.
7. Be very careful in defining your funds as "hedge" or "PE." A hedge fund is any fund with a performance fee that factors in unrealized gains, or that may borrow in excess of $\frac{1}{2}$ its NAV or have a gross notional exposure in excess of twice its NAV, or that can short. Ability to do these things is what counts. Any commodity pool is a hedge fund unless it meets 4.13(a)(3). A PE fund is any fund other than a hedge fund, real estate fund or VC fund.

Tips on the Form

1. Question 4- a source of controversy. Question 4 allows you to explain any assumptions you made in completing the form. Some commentators feel it should be used sparingly if at all to avoid (a) attracting attention to your filing or (b) creating a roadmap for the SEC. Others favor liberal use- “put all your cards on the table.” I’m in the latter camp.

Tips on the Form

2. For parallel and master feeder structures, have a choice. Complete form in the aggregate or separately, but must be consistent throughout.
3. For certain reporting thresholds such as whether you have a “qualifying fund” you must factor in dependent parallel managed accounts, but are not required to report on such accounts.
4. Do not double count feeder funds with a master fund.
5. You can generally disregard a private fund’s investments in other private funds for all purposes of the Form. Even large funds of funds must generally complete only Section 1b.

Timing and Other Points

1. Large hedge fund advisers must file quarterly within 60 calendar days of the end of each quarter. First filing due February 29/March 1.
2. All other advisers must file annually within 120 days of fiscal year end.
3. Filed through an online Form PF filing system, which is part of IARD website. Need a private fund ID number to file (should have this from filing your ADV). In our experience filing has been difficult with technical issues- do not wait until the last minute. Be sure to have funded your account as there is a filing fee. Use mock filing system as a test run.
4. Form PF information is not public, but may be used by the SEC on exams.

Timing and Other Points

5. PF does not replace need to file new CFTC forms such as CPO-PQR, although some pieces of the CFTC forms do not need to be filed if you are also filing Form PF.
6. Consider how you will pay the costs of completing the Form- from the Manager, from your fund or both. Need to review fund expense section if looking to have fund pay.

Timing and Other Points

7. Consider what access if any you plan to provide to the Form for investors. Most advisers do not plan to provide or will permit onsite review only.