



June 23, 2026

VIA ELECTRONIC SUBMISSION

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

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

**Re: Proposed Amendments to Form PF; Reporting Requirements for All Filers
(Release No. IA-6959; File No. S7-2026-13)**

Dear Ms. Countryman, Mr. Kirkpatrick:

The American Investment Council (“AIC”) appreciates the opportunity to comment on the proposed amendments to Form PF published by the Securities and Exchange Commission (“SEC”) and the Commodity Futures Trading Commission (“CFTC,” and together with the SEC, the “Commissions”) (the “Proposed Amendments”).¹ The AIC submits this letter on behalf of our members, which are leading private equity and private credit firms united by their commitment to growing and strengthening the businesses in which they invest. AIC’s members represent a broad cross-section of the private fund industry, ranging from the largest global platforms to mid-market and emerging managers.

The AIC commends the Commissions for their efforts to realign Form PF with its core purposes of collecting information necessary and appropriate in the public interest and for the protection of investors and providing information for the Financial Stability Oversight Council’s (“FSOC”) assessment of systemic risk in the United States financial system. The Proposed Amendments represent a meaningful and welcome step toward streamlining the form, reducing unnecessary compliance burdens, and recalibrating the scope of filers subject to Form PF’s reporting requirements.

The AIC generally supports the Proposed Amendments, including the significant increases to filing thresholds, the elimination of current reporting obligations under Sections 5 and 6, and the streamlining of numerous reporting requirements throughout

¹ Form PF; Reporting Requirements for All Filers, Release No. IA-6959; File No. S7-2026-13 (Apr. 20, 2026) (the “Proposing Release”).

the form. The AIC also respectfully urges the Commissions to consider additional measures that would further advance the stated objectives of the Proposed Amendments, particularly with respect to the following:

1. **Private credit reporting should be addressed through targeted modifications to the existing framework.** The AIC has joined a number of other trade associations, including LSTA, MFA, SIFMA AMG, and the Alternative Credit Council, in their comment letter submitted in response to the Commissions' request for comment on private credit reporting.² That letter sets forth in detail why the existing Form PF framework already captures the data relevant to monitoring private credit strategies, identifies specific existing questions that provide the Commissions with leverage, counterparty, liquidity, and portfolio composition data for private credit funds, and recommends targeted modifications to Section 1b that would address any incremental data needs without the creation of a wholly separate reporting section. We fully endorse the positions set forth in that letter and incorporate them by reference here. Our recommendations below are separate from, and not affected by, our endorsement of the Joint Trade Association Letter.
2. **The definition of "hedge fund" should be aligned with realistic hedge fund criteria.** We recommend that the Commissions narrow Form PF's definition of "hedge fund" because the current formulation continues to inappropriately capture a wide range of private equity and other non-hedge fund strategies based solely on the authority in their governing documents rather than their actual investment activities.
3. **The disregarded feeder fund threshold should be raised, and trading vehicle identification should be further narrowed.** While we generally support the proposed streamlining of feeder fund and trading vehicle reporting, we believe the disregarded feeder fund threshold should be set at a higher level and the trading vehicle identification requirements must be further narrowed to achieve the meaningful, practical changes that the Commissions intend.
4. **Large private equity fund adviser reporting should be further streamlined.** We recommend that the Commissions increase the large private equity fund adviser threshold, which was left unchanged at \$2 billion despite significant increases to thresholds for all filers and large hedge fund advisers, creating significant imbalance. The Commissions should also streamline

² LSTA, MFA, SIFMA AMG, the Alternative Credit Council, Asset Management Group, and AIC, Comment Letter on Form PF; Reporting Requirements for All Filers (June 23, 2026) (the "Joint Trade Association Letter").

certain substantive reporting requirements applicable to large private equity fund advisers.

Each of these points is discussed in greater detail below.

I. Private Credit Reporting Should Be Addressed Through Targeted Modifications to the Existing Framework.

As noted above, the AIC has joined other trade associations in the Joint Trade Association Letter in response to the Commissions' request for comment on private credit reporting. That letter sets forth in detail why the existing Form PF framework already captures the data relevant to monitoring private credit strategies, identifies specific existing questions that provide the Commissions with leverage, counterparty, liquidity, and portfolio composition data for private credit funds, and recommends targeted modifications to Section 1b that would address any incremental data needs without the creation of a wholly separate reporting section. We fully endorse the positions set forth in that letter and incorporate them by reference here.

II. The Definition of "Hedge Fund" Should Be Aligned with Realistic Hedge Fund Criteria.

Consistent with the AIC's prior recommendations,³ we urge the Commissions to revisit the definition of "hedge fund" under Form PF. We note that although the Proposed Amendments do not specifically invite feedback on this definition, the Commissions have previously solicited comment on whether to amend the definition of "hedge fund" and, after considering the feedback received, determined not to adopt amendments at that time.⁴ We respectfully submit that the conclusions drawn from prior comments warrant reconsideration. In addition, commenters are not limited to the specific questions posed by the Commissions, and the notice-and-comment process is an appropriate venue for raising issues that are relevant to the rulemaking. We continue to believe that the definition of "hedge fund" is a crucial component of Form PF that remains overbroad and creates an outcome that is inconsistent with the stated intent of the Proposed Amendments to streamline the form and reduce unnecessary compliance burdens. Our

³ See, e.g., AIC, Comment Letter on Proposed Amendments to Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers (Oct. 11, 2022) ("[AIC Comment Letter](https://www.sec.gov/comments/s7-22-22/s72222-20145432-310653.pdf)"), <https://www.sec.gov/comments/s7-22-22/s72222-20145432-310653.pdf>.

⁴ See Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers, Release No. IA-6546; File No. S7-22-22, at 160–64 (Feb. 8, 2024) (the "[2024 Amendments](#)") (stating that the Commissions had requested comment on the definition of "hedge fund" but are not adopting amendments).

specific recommendations for narrowing the definition, including the adoption of an actual activity test, are set forth in detail below.

Under the current definition, any private fund is classified as a “hedge fund” if it (a) *may* compensate its adviser with a performance fee or allocation calculated by taking into account unrealized gains; (b) *may* borrow an amount in excess of one-half of its net asset value or may have gross notional exposure in excess of twice its net asset value; or (c) *may* sell securities or other assets short or enter into similar transactions.⁵ The operative word in each prong is “may,” and as a result, the definition turns on whether the fund is legally permitted (such as by its governing documents) to engage in these activities and not on whether the fund actually engages in them.⁶

This current definition sweeps in a broad range of private equity, and other non-hedge fund pooled investment vehicles that, in many cases, bear no resemblance to the hedge fund strategies or features that Form PF was designed to monitor. For example, under the first prong of the definition, a fund is classified as a “hedge fund” if it “may compensate its adviser with a performance fee or allocation calculated by taking into account unrealized gains.” In the Form PF 2011 Release, the SEC noted that “funds using these types of fees are often active in markets that FSOC may desire to monitor for concentration risks,”⁷ capturing the characteristic hedge fund model, where advisers receive a performance allocation based on short-term trading gains, including mark-to-market appreciation on open positions that incentivize the kind of leveraged, active trading activity Form PF was designed to monitor. However, a growing number of funds now calculate carried interest or a performance allocation based on unrealized gains even though these funds are not active in markets that raise the concentration or volatility risk central to the Form PF 2011 Release. By way of example, evergreen and open-end private equity, and real estate funds, which have become increasingly prevalent in recent years, commonly provide for carried interest or performance allocations that crystallize periodically based on net asset value, which by definition takes into account unrealized appreciation. In each case, the fund’s investment strategy, risk profile, and operational characteristics are indistinguishable in terms of the markets in which they participate from traditional private equity funds, and the only feature that triggers hedge fund classification is an allocation mechanic that does not appear to have any connection to the risks that were identified in the Form PF 2011 Release. As the private fund industry continues to respond to investor demand for evergreen structures and NAV-based allocation arrangements, the universe of funds inadvertently captured by prong (a) will

⁵ See Form PF, Glossary of Terms, definition of “hedge fund.”

⁶ See Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, Release No. IA-3308 (Oct. 31, 2011) (the “Form PF 2011 Release”) at 27–28.

⁷ Form PF 2011 Release at 25, n.71.

only grow, further undermining the validity of the information and creating, we believe, an arbitrary class of funds that respond to the “hedge fund” reporting requirements even more so than exists today.

In addition, private equity fund documents are routinely drafted to provide the sponsor with broad investment flexibility to pursue the fund’s objectives, even if, as a practical matter, the fund does not and will not engage in significant borrowing, short selling, or other hedge fund-style trading activity. Under the current definition, however, a traditional buyout fund that has never sold a security short is a “hedge fund” solely because its limited partnership agreement permits short sales. Similarly, a private equity fund that maintains a subscription credit facility during the capital call period, which is a routine practice across the industry, is classified as a “hedge fund” if its governing documents permit borrowing in excess of one-half of its net asset value, even though the fund’s actual borrowing is temporary, operational in nature, and entirely unrelated to leveraged trading strategies. These are not hypothetical or rare cases and reflect the day-to-day realities of private equity fund structuring and operations.

Investment advisers face significant practical difficulties as a consequence of the overly inclusive definition. A private fund adviser whose funds are classified as “hedge funds” under Form PF may be subject to the quarterly filing requirements applicable to “large hedge fund advisers” (rather than the annual filing requirements applicable to other advisers), even though the adviser’s funds are operated as traditional private equity vehicles and, critically, do not in actuality implicate any of the activities that the Commissions have historically identified as necessitating reporting.

It is often the case that successor fund constituent documents evolve over time to be more or less permissive in some areas. Under the current framework, an adviser that advises multiple successor funds pursuing the same strategy is forced to report some of those funds as hedge funds and others as private equity funds even if the funds are substantially similar and none of the funds borrow in excess of the threshold or sell short. This creates classification complexity in compliance programs and increases operational costs. The fact that nearly identical funds pursuing the same strategy could be reported under different classifications with one as a hedge fund and another as a private equity fund, also undermines the utility of Form PF data for systemic risk monitoring purposes, as the Commissions would be unable to compare like-for-like across what are, in substance, economically identical funds.

The reporting is also often not applicable to many funds that meet the definition. Once a fund is classified as a “hedge fund,” and the adviser exceeds the large hedge fund adviser threshold, the adviser must respond to a series of detailed questions in Section 2 of the form that are designed for actively traded, liquid portfolios and have little or no applicability to private equity strategies. For example, Section 2 requires reporting of portfolio liquidity profiles including estimates of the percentage of a fund’s portfolio that could be liquidated within specified time horizons, risk metrics such as value-at-risk, long

and short exposures and portfolio turnover rates, and counterparty and prime brokerage exposure, none of which are fully applicable in the context of private equity strategies, where generally, portfolios consist of illiquid, long-duration investments that are not actively traded, are not marked to market on a short-term basis, and do not involve prime brokerage relationships.⁸

Requiring private equity fund advisers to respond to hedge fund-specific questions imposes compliance costs that are substantially disproportionate to the systemic risk monitoring value of the information collected. Misclassified funds must evaluate and respond to questions addressing short positions, derivatives exposure, trading and clearing activity, portfolio turnover, counterparty exposure, stress testing and portfolio liquidity. Those questions may produce meaningful information when applied to funds that actually engage in leveraged trading, short selling, derivatives trading or other market-facing activity but they generally yield little useful data when applied to illiquid, buy-and-hold private equity strategies that do not engage in such conduct. The burden extends well beyond entering “zero” or “not applicable.” In many cases, advisers must devote significant internal compliance, legal, finance, operations, and investment personnel time to determining whether a question applies, how to adapt questions designed for hedge fund trading activity to a fund that does not engage in that activity, and how to document assumptions in a manner that will not later be viewed as incomplete or non-responsive. This burden is often greater for a misclassified private equity fund than for a traditional hedge fund, because hedge fund advisers typically maintain systems that generate the relevant metrics in the ordinary course as part of their operations, whereas misclassified funds and their advisers must build processes from scratch only to produce responses of “zero” or “not applicable.” These costs also include external expenses, including fees paid to outside counsel, administrators, compliance consultants, and technology vendors to interpret the questions, map fund data to hedge-

⁸ See Form PF, Question 32 (requires monthly reporting of long and short positions across an extensive list of sub-asset classes, including listed equities, derivatives, and commodities, which bear no resemblance to the illiquid, long-only portfolios held by private equity funds); Question 34 (requires monthly reporting of turnover by asset class across a similarly granular list of liquid instruments, reflecting the active trading activity characteristic of hedge funds); Question 37 (requires the adviser to estimate what percentage of the fund’s positions could be liquidated within specified time periods under normal market conditions; this is premised on the assumption that the fund holds tradeable, liquid assets, which private equity funds generally do not); Questions 41–45 (require detailed monthly reporting of borrowing, collateral, and counterparty credit exposure classified by governing legal agreement type and require reporting of rehypothecation activity, which are designed for funds that engage in prime brokerage, repo and reverse repo transactions, securities lending, and derivatives trading, none of which are characteristic of private equity strategies); Question 46 (asks whether adviser regularly calculates value-at-risk and detailed reporting of the methodology and monthly results if so, which is a risk metric designed for liquid, mark-to-market portfolios that is not a standard tool for private equity fund risk management); and Question 47 (requires advisers to stress-test the fund’s portfolio against specified changes in market factors, which are designed scenarios for actively traded portfolios rather than buy-and-hold investments in portfolio companies or illiquid loans).

fund-oriented reporting fields, and review the resulting filing. Because the data requested by these questions is often not maintained in the ordinary course for funds not customarily thought of as “hedge funds,” those external costs can, and often do, exceed the costs incurred by advisers to actual hedge funds for the same questions. The opportunity cost of diverting internal resources from substantive compliance, controls, risk management, and other similar priorities across an adviser can be significant. For advisers managing multiple misclassified funds, these costs are compounded across each fund and each filing cycle.

While the Proposed Amendments’ focus on reducing reporting burdens for large hedge fund advisers, such as increasing the large hedge fund adviser threshold to \$10 billion may mitigate some of these effects, the underlying classification problem will remain a persistent challenge for advisers whose funds are misclassified under the current definition. While SEC staff has indicated in guidance that a fund may include a note that it holds out as a type of fund that is not a hedge fund, doing so does not solve for the issue of impaired data quality.⁹

Consistent with the AIC’s prior recommendations,¹⁰ we recommend that the Commissions adopt an “actual activity” test, in which a fund should be classified as a hedge fund only if, during the prior 12 months, it has in fact engaged in the types of activity that characterize hedge fund strategies. First, with respect to prong (b), we recommend that a fund be classified as a hedge fund only if it has borrowed an amount in excess of one-half of its net asset value (including any committed capital) or maintained gross notional exposure in excess of twice its net asset value (including any committed capital). In addition, we believe that amounts borrowed under subscription credit facilities or similar arrangements secured by uncalled capital commitments should be excluded from this calculation. Subscription facilities are not leverage in any economically meaningful sense as they bridge the timing gap between the identification of investment opportunities and the receipt of called capital and are repaid from committed capital rather than from investment returns. Including subscription facility borrowings in the prong (b) calculation would classify as a “hedge fund” any fund that temporarily draws on a subscription line in excess of the threshold, even if the fund does not employ leverage as part of its investment strategy. This concern is particularly acute for private equity funds and other non-hedge fund pooled investment vehicles during the ramp-up phase of fundraising, when attractive investment opportunities may arise before capital commitments are fully closed.

⁹ Section E: Private Equity Funds, Form PF Frequently Asked Questions, Question 1 (last updated Apr. 4, 2025), <https://www.sec.gov/rules-regulations/staff-guidance/division-investment-management-frequently-asked-questions/form-pf-faq>.

¹⁰ See AIC Comment Letter at 8–10.

Second, with respect to prong (c), a fund should be classified as a hedge fund only if it has sold securities or other assets short or entered into similar transactions (other than for the purpose of hedging currency exposure or managing duration). To provide operational clarity, we recommend that the actual activity test be assessed annually as of the last day of the adviser's fiscal year. Specifically, an adviser would determine whether a fund engaged in any of the activities specified in prongs (b) or (c) during the 12-month period ending on the last day of its fiscal year. We further recommend a *de minimis* exception to appropriately exclude any funds where short selling activities are not a material part of the funds' investment strategy. For example, shorting activity that does not exceed one percent of the fund's net asset value would avoid capturing funds that engage in incidental or isolated short positions for hedging or risk management purposes unrelated to a hedge fund strategy.¹¹ In addition, we would recommend that the existing carve out for hedging currency exposure or managing duration be expanded to include additional categories of ordinary course hedging activity. The current definition creates a disincentive for advisers to responsibly hedge the risks of a private equity fund's or other non-hedge fund pooled investment vehicle's investment portfolio because to do so would re-classify the vehicle as a hedge fund.

Third, with respect to prong (a), the definition should be narrowed to apply only where the performance allocation is calculated based on short-term mark-to-market gains on actively traded positions, rather than on periodic NAV-based valuations or carried interest arrangements that are standard features of long-term, buy-and-hold investment strategies.

This approach would preserve the Commissions' ability to classify funds that actually operate as hedge funds while relieving the substantial burden imposed on funds that do not. By tying classification to actual investment activity rather than documentary flexibility, the Commissions would also improve the quality and consistency of Form PF data, ensuring that the hedge fund population reported on Form PF reflects funds that genuinely exhibit hedge fund risk characteristics.

We recognize that commenters have previously suggested revisions to the definition of hedge fund and that the Commissions considered but declined to revise the hedge fund definition in the 2024 Amendments.¹² However, the case for reconsideration is now more compelling. The Proposed Amendments reflect a fundamental shift in the Commissions' approach by raising thresholds, eliminating entire reporting sections, and streamlining requirements based on the recognition that the form captures more than necessary for systemic risk monitoring. If the Commissions are prepared to narrow who must file and what they must report, they should also be willing to narrow how funds are

¹¹ See AIC Comment Letter at 10.

¹² See AIC Comment Letter at 8; *see also* 2024 Amendments at 160–163.

classified in the first instance. The hedge fund definition is the threshold question that determines the scope and frequency of a fund's reporting obligations, and the form cannot be considered meaningfully streamlined if the gateway classification remains overbroad. Moreover, the 2024 Amendments made misclassification materially more costly by expanding hedge fund reporting obligations without narrowing the definition. This burden is compounded by the 2024 Amendments' requirement that funds that were previously reported on an aggregated basis must now be reported as separate, disaggregated entities meaning that a single misclassified fund structure that was previously reported as one aggregated reporting fund may now require the adviser to prepare and file separate hedge fund reports for each component entity. For a complex fund structure, this can multiply the filing burden several-fold, without providing the Commissions with meaningfully better insight into the fund's overall risk profile or structure. As long as the definition remains overbroad, any future expansion of hedge fund-specific requirements will automatically sweep in funds that should never have been classified as hedge funds, and the disaggregation requirement compounds the cost of each such expansion across every component entity. The private fund industry has also continued to evolve in ways that exacerbate the problem, as the growth of evergreen structures, hybrid strategies, and NAV-based allocation arrangements has expanded the universe of non-hedge fund vehicles inadvertently captured. Finally, the Commissions' own approach elsewhere in the Proposed Amendments is consistent with an activity-based framework. The disregarded feeder fund and trading vehicle identification concepts, discussed further below, classify funds based on actual asset holdings rather than governing document authority, and on entities that actually face creditors rather than every entity that could incur leverage, respectively. An actual activity test for the hedge fund definition would be a natural extension of these same principles.

If the Commissions do not adopt the actual activity test recommended above, we urge the Commissions, in the alternative, to assess more carefully which questions in Sections 1c, 2, and 5 of the form should be required of each type of fund captured by the current hedge fund definition. Many of the questions in these sections are designed to monitor risks associated with actively traded, liquid, open-end strategies, which are not present in closed-end private equity funds that are classified as "hedge funds" solely because of their fee structure or governing document authority. We believe that, at a minimum, closed-end funds included in the definition of "hedge fund" should be exempt from questions that presuppose an open-end, actively traded structure.

This concern is particularly acute with respect to Section 5, which requires current reporting of events that are principally relevant to open-end vehicles facing potential runs or liquidity crises. Closed-end private equity funds do not face the same risks with respect to extraordinary investment losses (Section 5, Item B.), margin or collateral increases (Section 5, Item C), counterparty defaults (Section 5, Item E), prime brokerage relationships (Section 5, Item F), operations events (Section 5, Item G), or withdrawals

and redemptions (Section 5, Items H and I).¹³ While certain of these items can be answered in the negative with relative ease (e.g., a closed-end fund with no redemption rights can report that no withdrawal or redemption event has occurred), others may require advisers to build and maintain internal monitoring and compliance systems to track the potential for events that are extremely unlikely to occur in a closed-end fund structure. The cost of maintaining these systems is not justified by the marginal data produced, particularly where the fund’s classification as a “hedge fund” rests on a technicality rather than on the presence of the risks these questions are designed to identify.

III. The Disregarded Feeder Fund Threshold Should Be Raised and Trading Vehicle Identification Should Be Further Narrowed.

The AIC supports the Proposed Amendments’ efforts to streamline the reporting of complex fund structures, including the introduction of a disregarded feeder fund concept and the narrowing of trading vehicle identification requirements. These changes reflect the Commissions’ recognition that granular, entity-by-entity reporting of every vehicle in a private fund structure will impose substantial operational burdens without yielding data that is commensurate with its systemic risk monitoring value.¹⁴ However, as discussed below, we believe the proposed thresholds and definitions do not go far enough to achieve the relief the Commissions intend, and we recommend adjustments to both the disregarded feeder fund threshold and the trading vehicle identification requirements.

A. Disregarded Feeder Fund Threshold.

The AIC supports the Proposed Amendments’ introduction of a “disregarded feeder fund” concept, which would allow advisers not to separately report feeder funds whose holdings outside of their interest in a single master fund are minimal.¹⁵ This is a practical and welcome change that would reduce unnecessary reporting of entities whose investment activity is fully captured at the master fund level.

However, we believe the proposed five percent threshold, measured as a percentage of the feeder fund’s gross asset value, may be too restrictive. Feeder funds routinely hold assets outside of the master fund for legitimate operational purposes that do not reflect material substantive investment activity or risk exposure. These operational

¹³ See Form PF, Section 5.

¹⁴ We note that the Commissions already have transparency into master-feeder arrangements through Form ADV Part 1A, Item 7.B, which requires advisers to identify each feeder fund by name and private fund identification number. Requiring duplicative entity-level reporting on Form PF imposes incremental costs without incremental informational value.

¹⁵ See Proposing Release at 27.

holdings may include reserves for management fee payments, fund expenses, and tax distributions; short-term cash or cash-equivalent instruments held for liquidity management; foreign exchange hedges held at the feeder level by currency-denominated feeder funds; assets related to investor-specific structuring needs; and U.S. Treasury securities or similar instruments held pending investment. While many feeder funds may be contractually obligated to invest substantially all of their assets in the master fund, their operational holdings outside the master fund, including reserves for fees, expenses, and distributions, and short-term cash or instruments held pending investment, can periodically approach or exceed 5% of gross asset value, particularly for smaller feeder funds or during periods of active capital deployment, distribution activity, or fund wind-down. A threshold set too low risks inadvertently disqualifying feeder funds that experience temporary fluctuations in the ratio of operational holdings to total assets, even though those holdings pose no independent risk warranting separate reporting. A five percent threshold would therefore exclude from the disregarded feeder fund concept many feeder funds whose outside holdings are purely operational and pose no independent risk warranting separate reporting.

We recommend that the Commissions revise the disregarded feeder fund threshold to exclude from the calculation of assets held outside the master fund any assets held for operational purposes and not for the purpose of making independent investments outside the master fund, including cash and cash equivalents, reserves for fees, expenses, and distributions, foreign exchange hedges maintained at the feeder level, and assets related to investor-specific structuring needs. These holdings are incidental to the feeder fund's investment in the master fund and do not represent the type of independent investment activity that the disregarded feeder fund concept is designed to identify. Excluding them from the calculation would preserve the five percent threshold as a meaningful check against feeder funds that hold genuine investment assets outside the master fund, while ensuring that routine operational holdings do not inadvertently trigger separate reporting obligations. To the extent the Commissions are not prepared to adopt an operational holdings exclusion, we recommend in the alternative that the threshold be raised to at least 10 to 15 percent of gross asset value to provide an adequate cushion for the operational holdings described above, while recognizing that any percentage threshold will still require advisers to conduct a detailed analysis of each feeder fund's holdings to determine whether it qualifies for disregarded treatment. Alternatively, the Commissions could consider adopting a materiality standard tied to risk exposure, which would provide greater flexibility to accommodate the operational realities of different fund structures.

We also note that the Commissions have requested input on whether filers should again be permitted to choose to report information regarding master-feeder arrangements and parallel fund structures either in the aggregate or separately, provided they do so consistently throughout Form PF. The AIC supports restoring this pre-2024 flexibility. The prior approach allowed advisers to report in the manner most consistent with their internal risk management and operational frameworks, including fund audits and investor

reporting, and its elimination under the 2024 Amendments imposed significant cost and complexity without a corresponding improvement in data quality. We note that restoring aggregation flexibility would not diminish the value of the disregarded feeder fund concept recommended in the Proposed Amendments. Even under a regime that permits aggregate reporting, the disregarded feeder fund classification would continue to govern look-through requirements for investor-level questions and would benefit advisers that elect to report on a separate basis. To the extent the Commissions are not prepared to restore full aggregation flexibility, the modifications we recommend above to the disregarded feeder fund threshold, including the exclusion of operational holdings from the calculation, become all the more important as the primary mechanism for reducing unnecessary feeder fund reporting burden.

We also recommend that the disregarded feeder fund concept not be limited to feeder funds that invest in a single main fund. In practice, feeder funds frequently invest in a main fund alongside one or more related vehicles, including alternative investment vehicles formed to accommodate specific investor needs, parallel funds within the same parallel fund structure as the main fund, and intermediate structuring vehicles, such as blocker entities or other vehicles formed for tax, regulatory, or other reasons to facilitate the feeder fund's investment in any of the foregoing. The rationale the Commissions articulate for disregarding feeder funds that invest in a single main fund applies with equal force to these structures.¹⁶ Separate reporting of a feeder fund that invests alongside a main fund in related vehicles within the same investment program does not convey additional information about the feeder fund's exposures and does not reflect how advisers typically manage risk and liquidity for these funds, while imposing additional filing burdens on advisers. Furthermore, the current formulation would produce inconsistent results for economically equivalent structures. An adviser that establishes a single feeder fund investing in both a main fund and an alternative investment vehicle (AIV) would be required to report that feeder separately, while an adviser that establishes two separate feeder funds, one for the main fund and one for the AIV, could potentially disregard each feeder individually. There is no substantive basis for treating these equivalent structures differently, and doing so would incentivize unnecessary structural complexity rather than simplify reporting. To the extent the Commissions are concerned about feeder funds with material independent investment activity outside the main fund structure, the five percent threshold (or higher threshold, as we recommend above) would continue to serve as a check. The recommendation here is simply that related vehicles within the same investment program should not be treated as "outside" the main fund for purposes of applying that threshold.

¹⁶ See Proposing Release at 29 (noting that separate reporting of disregarded feeder funds "would not convey additional information about their exposures") (quoting the 2024 Amendments) and 30 (noting that the proposed change "seeks to better align the Form PF reporting requirements with the way advisers typically track and manage the risk profile of feeder funds").

B. Trading Vehicle Identification.

The AIC commends the Commissions for the proposed revisions to the trading vehicle identification requirements in Question 9. This is one of the most meaningful and practical improvements in the Proposed Amendments. By narrowing the universe of trading vehicles that advisers must identify to those that face counterparties and creditors or that are reported as private funds on Form ADV,¹⁷ the Commissions have directly addressed one of the most significant operational burdens identified by commenters, who noted that the current requirements could require filers to report “hundreds of entities” in certain private fund structures,¹⁸ including many passive entities used for purposes other than trading and bearing counterparty exposure, such as tax blockers, aggregator vehicles, and passive holding companies formed to hold portfolio investments. The AIC appreciates the Commissions’ responsiveness to these concerns, and we believe the proposed approach reflects the kind of targeted, risk-based calibration that should guide the form as a whole.

The AIC also urges the Commission to consider additional revisions, because the proposed changes still result in a trading vehicle reporting framework that is overly broad and thus significantly burdensome for registered advisers to private funds. The proposed formulation would still require filers to identify any trading vehicle that incurs leverage or conducts trading or other activities as part of a fund’s investment activities resulting in threshold exposures to creditors or counterparties (as identified in Questions 27, 28, 42, 43, or 44 of the form). The phrase “other activities” is a broad catch-all that requires advisers to exercise significant judgment about which entities are in scope, increasing both the compliance burden of the analysis and the risk of inconsistent reporting across filers. The scope may also sweep in entities such as lending license vehicles that face state regulators on behalf of certain funds, which bear no meaningful counterparty exposure distinct from the reporting fund but would appear to fall within the proposed formulation. In practice, private funds routinely create wholly owned special purpose vehicles (SPVs) to act as borrowers. The inclusion of any vehicle that faces “creditors” would require identification of each such borrowing SPV. For large platforms that may have dozens or hundreds of borrowing SPVs across their fund structures, this could still require identification of a significant number of routine structuring vehicles, potentially undermining the intended relief. Identifying each such SPV requires advisers to maintain a complete and current inventory of every SPV across their fund structures, determine which vehicles meet the trading vehicle criteria under the proposed formulation (an analysis that, given the breadth of “other activities,” necessarily involves significant time and judgment), and then perform a look-through analysis for each identified vehicle to determine whether its exposures meet the reporting thresholds, aggregate those exposures

¹⁷ See *id* at 38.

¹⁸ See *id* at 39.

with the reporting fund’s own exposures, and prepare the additional reporting required for each vehicle that exceeds the thresholds. For large platforms, this exercise requires significant coordination across legal, compliance, operations, and fund accounting teams in each filing cycle, and the resources it consumes could be more productively deployed on substantive compliance and risk management activities.

We recommend an alternative approach in which rather than requiring identification of each SPV that faces a creditor, the Commissions allow advisers to report borrowings with respect to the main reporting fund or a subsidiary under one fund’s reporting, on an aggregated basis, to capture the leverage, including the amount that any trading vehicle would have had to report separately. This approach would provide the Commissions with the leverage and counterparty data they need for systemic risk monitoring (e.g., consolidated fund-level reporting captures assets net of leverage and provides a holistic view of the reporting fund’s overall risk profile) while relieving advisers of the burden of individually identifying each borrowing entity in their fund structures. This is particularly true where leverage at a subsidiary SPV is collateralized by the SPV’s own assets and is non-recourse to the reporting fund. In such structures, the risk is ring-fenced at the SPV level, and the reporting fund’s maximum exposure is limited to its equity investment in the SPV. Separately identifying and reporting the SPV’s borrowings as if they were fund-level leverage would overstate the reporting fund’s actual risk profile, producing less, not more, accurate data.

We further recommend that the Commissions narrow the underlying definition of “trading vehicle” itself. The Proposed Amendments limit the trading vehicles that must be identified to those listed on Form ADV as private funds or included in a response to Questions 27, 28, 42, 43, or 44,¹⁹ but they do not change the definition of “trading vehicle.” Passive structuring entities including tax blockers, liability blockers, aggregator vehicles, and passive holding companies, continue to fall within the definition because they “hold assets” and “incur leverage” as part of a fund’s investment activities. As a result, these entities remain subject to the trading vehicle look-through requirements of General Instructions 7 and 8 (the Commissions note that those instructions would “continue to require advisers to look through certain trading vehicles and to their specific holdings”).²⁰ We believe the definition should be narrowed to exclude purely passive structuring entities that do not independently trade, exercise investment discretion, or bear material counterparty exposure distinct from the reporting fund.

If the Commissions do not adopt our recommendation to narrow the definition of “trading vehicle” to exclude purely passive structuring entities, we request at a minimum that the Commissions clarify that an entity whose sole connection to leverage is

¹⁹ See *id* at 40.

²⁰ *Id* at 42.

providing a guarantee of another entity’s indebtedness should not be treated as “incurring leverage” for purposes of Form PF, both with respect to responding to questions on the form and with respect to whether such entity is classified as a “trading vehicle.”²¹ A guarantor does not itself borrow but rather, it assumes a contingent obligation that arises only upon the default of the principal obligor. Where the principal obligor, whether the reporting fund itself or a trading vehicle, is already disclosed on Form PF and its borrowings are already reported, separately reporting the guarantor as an additional entity that “incurs leverage” would attribute the same indebtedness to multiple entities without providing the Commissions with any incremental information about the fund’s actual leverage exposure. Absent this clarification, advisers with fund structures that include guarantees, which are a routine feature of private fund financing arrangements, would be required to identify and separately report each guarantor entity, adding to the filing burden without a corresponding benefit to the Commissions’ risk monitoring.

We also note that the Proposed Amendments’ treatment of look-through obligations could be further harmonized. The Commissions have proposed to amend General Instructions 7 and 8 to eliminate the prescriptive look-through methodology for indirect exposures, recognizing that requiring advisers to apply a specific formula to look through to underlying holdings of entities in which the fund invests is unnecessarily burdensome, and permitting advisers instead to report based on reasonable estimates consistent with their internal methodologies.²² We commend this change, and we believe the same principle of reducing the burden of entity-by-entity look-through when the incremental data does not meaningfully improve the Commissions’ risk monitoring, should inform the scope of the trading vehicle look-through requirement as well. While we appreciate that the Commissions have narrowed which entities must be identified as trading vehicles, the remaining look-through obligation still requires advisers to include the holdings of every entity that falls within the broad definition of “trading vehicle” when answering questions about the reporting fund. As discussed above, we recommend that the Commissions permit advisers to report borrowings on an aggregated basis at the fund level rather than requiring identification and look-through of each underlying trading vehicle, which would provide the Commissions with the same leverage and counterparty data while further reducing the operational burden on advisers.

IV. Large Private Equity Fund Adviser Reporting Should Be Further Streamlined.

The AIC supports the Commissions’ overall approach of tailoring and streamlining Form PF’s reporting requirements. In particular, the AIC supports the SEC’s proposed removal of Section 6 reporting for private equity funds. The Commissions have

²¹ See Form PF, Glossary of Terms, definition of “trading vehicle.”

²² See Proposing Release at 34.

correctly determined that Section 6 reporting does not promote investor protection efforts or meaningfully assist in the monitoring of systemic risk and therefore does not justify the compliance burden it imposes on private equity fund advisers. We agree with this assessment and commend the Commissions for eliminating reporting obligations that do not serve a clear regulatory purpose.²³ However, we note that the Proposed Amendments do not meaningfully revisit or streamline the substance of the reporting requirements applicable to large private equity fund advisers, even as the Commissions have undertaken significant streamlining elsewhere in the form. We believe this is a missed opportunity and respectfully urge the Commissions to address it.

A. The Large Private Equity Fund Adviser Threshold Should Be Raised.

The Proposed Amendments significantly increase the reporting thresholds for all filers (from \$150 million to \$1 billion in private fund assets under management) and for large hedge fund advisers (from \$1.5 billion to \$10 billion in hedge fund assets under management) but leave the large private equity fund adviser threshold unchanged at \$2 billion in private equity fund assets under management.²⁴ The Proposing Release invites comment on whether this threshold should be raised and, if so, to what level.²⁵

We recommend that the Commissions increase the large private equity fund adviser threshold to at least \$15 billion for three reasons.

²³ The Commissions asked, among other things, whether “there [is] an alternative way that the SEC should identify the private equity events in section 6 such as by requiring reporting of these events annually rather than quarterly?” See Proposing Release at 91 (Question 116). We urge the Commissions not to incorporate reporting on adviser-led secondary transactions, including continuation fund transactions, into the annual report. As the Commissions have acknowledged, continuation fund transactions and similar transactions are pursued for a variety of legitimate business reasons, and the AIC believes that the vast majority of these transactions do not signal or correlate with systemic risk. Requiring private equity fund advisers to report adviser-led secondary transactions on an annual basis would impose an incremental compliance burden that is not justified by the marginal value of the data to the Commissions’ systemic risk monitoring. We further note that Form PF reporting obligations generally attach to each continuation vehicle following its formation, as the vehicle becomes an advisory client of the filing adviser, and the Commissions therefore receive the full suite of reporting information with respect to such vehicle through the ordinary course of Form PF filing. The creation of an additional, transaction-level reporting requirement for adviser-led secondaries would therefore be duplicative of information the Commissions already receive at the fund level.

²⁴ See Proposing Release at 14 and 19.

²⁵ See Proposing Release at 27 (Question 11 requests comment on “what is the appropriate threshold for large private equity fund advisers (*e.g.*, \$3 billion, \$5 billion)”).

First, a higher threshold would better reflect market growth and inflation since the threshold was originally established. The \$2 billion threshold was set in 2011,²⁶ and it has not been adjusted in the intervening 15 years. Since that time, the private equity industry has grown substantially. According to industry data, global private equity assets under management have increased from approximately \$2 trillion in 2011 to over \$10 trillion today,²⁷ and the average size of a U.S. private equity fund has more than doubled.²⁸ Accordingly, a \$2 billion threshold set in 2011 no longer identifies the same relative tier of advisers it was designed to capture. A threshold of \$15 billion would more accurately identify the largest and most systemically significant private equity fund advisers, which is the population that Section 4’s detailed reporting requirements were designed to reach. Similar to how the Commissions adopted a higher initial threshold in 2011, we believe that the threshold for a large private equity fund adviser should be set at a higher level than for a large hedge fund adviser to reflect the reduced level of systemic risks and also because “private equity funds tend to pursue a narrower range of strategies than hedge funds, reducing concerns regarding the level of representativeness.”²⁹

Second, Section 4 reporting, while not as extensive as the reporting applicable to large hedge fund advisers, still imposes a substantial operational burden on private equity fund advisers. Large private equity fund advisers must collect and report detailed information about each portfolio company, including borrowing data, industry classifications, and financial metrics, which requires coordination across multiple internal teams and, in many cases, the cooperation of portfolio companies themselves. A higher threshold would relieve mid-sized private equity advisers of this burden while preserving the Commissions’ ability to collect Section 4 data from the largest advisers.

Third, a \$15 billion threshold would be consistent with the intent of the Proposed Amendments to recalibrate the population of filers subject to Form PF’s most extensive reporting requirements. The Commissions have recognized that the current thresholds capture a broader population of advisers than necessary for effective systemic risk monitoring and have proposed significant increases for all filers and large hedge fund

²⁶ See Form PF 2011 Release.

²⁷ See, e.g., Preqin Pro, *Assets Under Management Breakdown* (last accessed June 9, 2026), <https://pro.preqin.com/analysis/dryPowderAUMBakedown>.

²⁸ See, e.g., PitchBook, *2021 Annual US PE Breakdown* (Jan.11, 2022), https://www.theleadleft.com/wp-content/uploads/2022/01/2021_Annual_US_PE_Breakdown.pdf; PitchBook, *2025 Annual US PE Breakdown* (Jan.13, 2025), <https://pitchbook.brightspotcdn.com/c3/6b/848c54204b9bbec082c6fa8a63bf/2025-annual-us-pe-breakdown.pdf>.

²⁹ Form PF 2011 Release at 39.

advisers. Leaving the large private equity fund adviser threshold unchanged is inconsistent with this recalibration.

We recommend that the Commissions increase the large private equity fund adviser threshold to \$15 billion. We note that the Commissions applied a consistent scaling factor of approximately 6.67x to both the all-filer threshold (from \$150 million to \$1 billion) and the large hedge fund adviser threshold (from \$1.5 billion to \$10 billion). Applying the same factor to the large private equity fund adviser threshold would yield approximately \$13.3 billion. Our recommendation of \$15 billion is modestly above this proportional benchmark, which we believe is appropriate given the Commissions' own recognition in 2011 that the large private equity fund adviser threshold should be set at a higher level than the large hedge fund adviser threshold to reflect the reduced systemic risk profile of private equity funds and the narrower range of strategies they pursue.³⁰ At a minimum, the threshold should be raised to no less than \$10 billion, which would align with the proposed large hedge fund adviser threshold and represent only a 5x increase, which is well below the proportional scaling the Commissions applied to the other two thresholds.

B. The Substance of Section 4 Reporting Should Be Streamlined.

Beyond the threshold, the Commissions should also review and streamline the substance of the reporting requirements applicable to large private equity fund advisers in Section 4 of the form. Two examples illustrate the current asymmetry:

1. NAICS Code Reporting.

The Proposed Amendments streamline NAICS code reporting for large hedge fund advisers by reducing the number of industry categories that must be reported.³¹ No corresponding simplification was made for large private equity fund advisers, who must continue to classify each portfolio company using six-digit NAICS codes to complete their industry exposure reporting.³² This asymmetry is notable given that the Commissions recognized that granular industry classification reporting is burdensome and of limited utility for hedge fund advisers but left the private equity advisers' equivalent requirement in place. We recommend that the Commissions extend the same streamlining to Section 4 reporting.

2. Portfolio Company Reporting.

³⁰ See *id.*

³¹ See Proposing Release at 53.

³² See Form PF, Section 4., Item D. Portfolio company investment exposures, Question 81.

The Commissions did not revisit the requirements for large private equity fund advisers to collect and report detailed portfolio company-level information, including information relating to portfolio company borrowings.³³ This data can be operationally difficult to obtain particularly for minority investments, co-investments, or investments where the adviser does not exercise control over the portfolio company’s financing decisions and may not have contractual rights to compel production of detailed borrowing data on the timeline required for Form PF filings. In addition, sponsors that invest in credit or equity positions may be subject to contractual confidentiality obligations with the portfolio company or its other owners that restrict the sponsor’s ability to share detailed financial information with regulators on the timelines required by Form PF. Compliance with these reporting requirements can strain commercial relationships with borrowers and co-investors, particularly in the private credit context where ongoing lender-borrower relationships are central to the sponsor’s investment strategy. Even for control investments, portfolio company borrowing data must typically be compiled by the portfolio company’s own finance team, creating a dependency on third parties that the adviser cannot fully control and that frequently results in the use of estimated or prior-period data, which may not meaningfully contribute to the Commissions’ systemic risk assessment.

The systemic risk monitoring value of this data is limited. Portfolio company borrowings are obligations of the portfolio company rather than the reporting fund. The fund’s maximum exposure is limited to the value of its equity investment, and the underlying lenders to portfolio companies are predominantly regulated financial institutions whose lending activity is visible to the Commissions through other supervisory channels. Unlike the leveraged trading positions, counterparty exposures, and liquidity risks that Form PF was principally designed to monitor, portfolio company debt is typically long-duration, privately negotiated, and structurally ring-fenced from the fund and its investors. While the AIC recognizes that Form PF serves important systemic risk monitoring and investor protection objectives beyond the monitoring of leveraged trading activity, the AIC does not believe that the Commissions have articulated a basis for concluding that the borrowings of a portfolio company owned by a private equity fund present increased or different systemic risks compared to the borrowings of portfolio companies under other forms of ownership.³⁴ The same company, with the same capital structure and the same lenders, would not be subject to any equivalent reporting

³³ See Form PF, Section 4, Item C. Reporting fund and portfolio company financing.

³⁴ We note that the Commissions identified in the Form PF 2011 Release certain efficiencies in collecting portfolio company leverage data from private equity advisers as a means of monitoring trends in the broader leveraged loan market. See Form PF 2011 Release at 99–106 (identifying two practices of private equity funds that could result in systemic risk and discussing reasons for collecting portfolio company leverage data from private equity advisers). However, the underlying rationale for this reporting has not established that the borrowings of a portfolio company present different or greater systemic risks by reason of private equity ownership.

requirement if it were owned by a corporation, a family office, an insurance company, or any other type of investor. Singling out private equity-owned portfolio companies for borrowing disclosure imposes a reporting asymmetry that is not justified by a corresponding difference in risk profile. We recommend that the Commissions review these requirements and assess whether the data collected justifies the substantial burden imposed on advisers, particularly large, diversified platforms that may need to collect and report borrowing data from hundreds of portfolio companies across multiple funds, vintages, and geographies in each filing cycle.

At a minimum, we recommend that reporting be narrowed to portfolio company borrowings that present a meaningful connection to the reporting fund's own risk profile, which would be borrowings that are guaranteed by or otherwise have recourse to the reporting fund, and borrowings that are cross-collateralized across multiple portfolio companies of the fund. In each case, the borrowing creates a potential fund-level exposure that is relevant to systemic risk monitoring. Stand-alone, non-recourse borrowings incurred by a single portfolio company and its affiliates should be excluded, as should any reporting obligation where the adviser does not hold an ownership stake in the portfolio company or does not exercise control over the portfolio company's operations or financing decisions. This narrowed scope would also address the concern that while information about fund-guaranteed or cross-collateralized borrowings is within the adviser's control and readily accessible, stand-alone portfolio company borrowing data frequently is not, and imposing a reporting obligation on an adviser that has no practical ability to compel the portfolio company to produce the required data serves no meaningful systemic risk monitoring purpose.

We further request that the Commissions narrow the definition of "control" used for determining whether a portfolio company is a "controlled portfolio company" for Form PF purposes. The current definition relies on the Form ADV definition of "control,"³⁵ which captures a broad range of influence for purposes of ownership and affiliate disclosure and for reporting that is more limited in scope than the detailed portfolio company-level data required by Form PF. The Form ADV threshold of influence can capture situations where a private equity fund has a significant but non-controlling interest in a portfolio company and does not have sufficient governance or information rights to compel the portfolio company to produce the detailed borrowing and financial data that Form PF requires, on the timelines that Form PF requires it. We recommend that, for Form PF purposes, "control" be defined to require that the reporting fund has the right to appoint a majority of the board of directors or equivalent governing body of the portfolio company and holds information rights sufficient to compel the production of the data necessary to satisfy the reporting fund's Form PF reporting obligations on a timely basis. This narrowed definition would align the reporting obligation with the adviser's

³⁵ See Form PF, Glossary of Terms, definition of "control"; see also Form ADV, Glossary of Terms, definition of "control."

practical ability to comply, ensuring that the Commissions receive reliable data from advisers that actually have access to it, rather than estimated or incomplete data from advisers that do not.

We urge the Commissions to apply the same balancing principle throughout the form: the usefulness of the data collected should be weighed against the burden on advisers required to report it. Section 4 reporting, as currently structured, does not reflect that balance.

V. Conclusion.

The AIC reiterates its support for the overall direction of the Proposed Amendments. The Commissions' effort to realign Form PF with its main purpose of systemic risk monitoring while reducing unnecessary burden on advisers is a constructive and important step. We respectfully urge the Commissions to build on this effort by:

1. Addressing private credit reporting through targeted modifications to the existing framework, as recommended in the Joint Trade Association Letter, rather than creating a separate reporting section;
2. Narrowing the definition of "hedge fund" to adopt an actual activity test that would avoid misclassifying private equity and other non-hedge fund strategies;
3. Excluding operational holdings from the disregarded feeder fund threshold calculation and narrowing the trading vehicle definition and identification requirements to provide the practical relief the Commissions intend; and
4. Raising the large private equity fund adviser threshold to at least \$15 billion and streamlining the substance of Section 4 reporting requirements, including NAICS codes and portfolio company reporting.

The AIC and its members are committed to constructive engagement with the Commissions and their staffs on these and other issues. We would welcome the opportunity to meet with the staffs of the SEC and CFTC to discuss the issues raised in this letter and to provide additional information that may be helpful to the Commissions as they consider final action on the Proposed Amendments.

Respectfully submitted,

/s/ Shelby Telle

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