

SEC proposed form PF changes: are you prepared for 2023?

AIMA Fund Manager Briefing



SEC Proposed Form PF Changes from 2022

Introductions & Agenda



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- SEC proposed two major sets of changes to Form PF in Jan & Aug of 2022
- Changes and additions are drastic and will require a lot of work to imbed solutions
- Short timeline to achieve likely to cause uncertainty

Timeline
Planning

Overview of
Changes

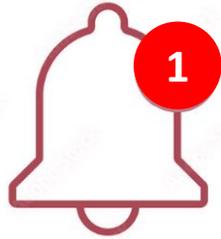
Question
Examples

Overview of
Impacts

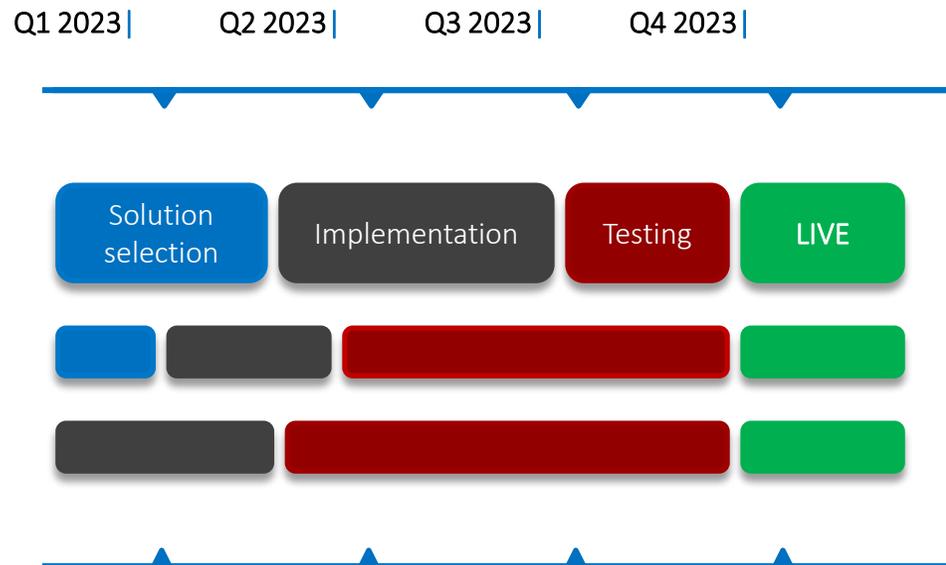
Form PF To Do
List

All Advisers

Parallel Preparations



Managers will not only need to test their preparations for the switch over to the revamped Form PF and requisite alert systems but will also need to run at least a parallel period in order to provide a base of reference to compare their first live filing version too.



Potential timeline variances for 2023 to implement proposed changes:

Managers still deciding on solutions need to act fast to achieve basic testing on time.

Managers outsourcing or building need to accelerate in order to try to accommodate a full quarter parallel. Managers moving forward already should have adequate time for parallel testing.

Wholesale Form PF Changes Examples

Large Hedge Fund Advisers

Fundamental Shifts

GAV/NAV required for all 3 months

Additional Questions determined by thresholds

Reporting fund aggregation removed except for sole purpose feeders
Adviser level aggregation is no longer required (Section 2a removed)

Inclusion of Capital Activity

New Data Points

Reference Assets

NAICS Codes

Inputs for correlation calculation on new Q48

Wholesale Form PF Changes Examples

Large Hedge Fund Advisers

Exposures

New breakdown of exposure by instrument type within sub-asset class

Additional sub-asset types

Adjusted exposure by reference asset across instrument types

Percent of aggregated netted exposures of reference assets with top five and top ten

Reporting based on Country, Industry (Sectors) and Currency of Exposure

Consolidated Counterparty Exposure Table

Derivative positions cleared by CCP & Uncleared derivative positions.

Gross notional value of Synthetic long and short positions to be reported for Uncleared derivative positions.

Individual Counterparty Exposure Table

Proposed Changes High Level

Form PF Major Changes



Managers should act now to prepare for the large changes ahead. Whether an outsourced or self built solution is to be used, a testing period is highly recommended to provide comparative data sets for when the changes are implemented.

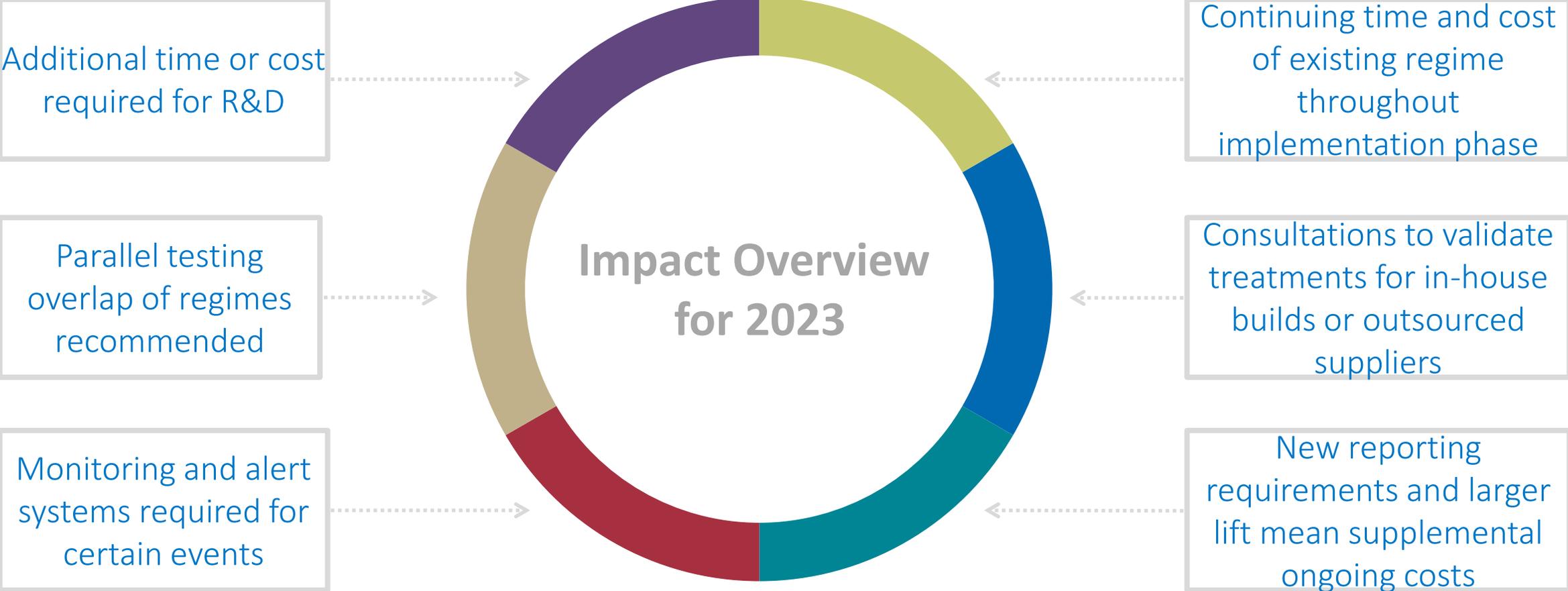
Wholesale changes to the form including how large hedge fund advisers report

- 7 new event driven requirements for HF managers (5 for PE managers) which have 1 day disclosure deadlines
- Threshold for Large private equity adviser lowered from US\$2 billion in private equity assets under management to US\$1.5 billion

Additional questions added to Section 4 requiring further disclosure:

- Investment strategies
- Restructuring or recapitalization
- Various aspects of intra-fund ownership
- Multiple aspects of borrowings and controlled portfolio companies

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Preparations To Do List for 2023



Arrange your alerts for SEC releases / AIMA messages regarding Form PF



Decide on whether this should be project managed in/out house



Fully outsourced or specialist software solution

Check with provider that timely preparations and contingency planning is already underway and whether your interaction will be required in advance



Produced in-house

Ensure the relevant teams are aware of all details and changes likely to occur, particularly:

- Data source confirmation/costs for new questions and aspects including daily event monitoring
- Question change ownership and quick reaction planning for XML schema changes for electronic submissions

