

ATTACHMENT A

Changes From Proposed Amendments to Adopted Amendments

Schulte Roth & Zabel submitted [a public comment letter](#) in response to the amendments the Commission initially proposed on Jan. 26, 2022 (“Proposed Amendments”). While the Commission adopted wholesale a number of its initial proposals as part of the Adopted Amendments, the Commission considered public comments and made the following changes from the Proposed Amendments.

- *Reporting Threshold for Large Private Equity Fund Advisers* – The Proposed Amendments would have lowered the filing threshold for the purposes of requiring an adviser to complete Section 4 from \$2 billion to \$1.5 billion in private equity fund assets under management. In our comment letter, we stressed that reducing the threshold would have a disproportionate burden on the advisers that would be newly required to file Section 4 of Form PF, resulting in higher operational costs, thereby harming competition. After further consideration, the Commission decided to maintain the \$2 billion threshold in the Adopted Amendments.
- *Current Report Filing Requirements for Large Hedge Fund Advisers* – The Proposed Amendments would have required that large hedge fund advisers to file a current report within one business day of the occurrence of a current reporting event. Our comment letter emphasized to the Commission the difficulties that a one business day filing requirement would create, including ensuring that advisers have time to deal with the operational aspects of any current reporting event and have time to prepare and submit accurate information. After consideration of public comments, the Commission ultimately adopted the as soon as practicable but no later than 72 hours requirement for the filing of a current report.
- *Operations Event* – The Proposed Amendments would have required an adviser to file a Current Report after experiencing “a significant disruption or degradation” of the reporting fund’s “key operations”. Our comment letter noted that a “significant disruption or degradation”, defined as a “20% disruption or degradation of normal volume or capacity”, would be difficult to determine and result in over-reporting of false positives. In consideration of public comments, the Adopted Amendments will deem an operations event to occur when there is a significant disruption or degradation of “critical operations”, though the Adopted Amendments do not define “significant disruption or degradation”.
- *Reporting Changes in Unencumbered Cash* – The Proposed Amendments would have required that large hedge fund advisers file a current report if one of its reporting fund’s unencumbered cash declined by more than 20 percent. Our comment letter challenged this assumption under the contention that the requirement was not indicative of systemic risk and is routine for the strategies employed by certain funds. After consideration of public comments, the Commission decided not to adopt this item as a current reporting event.
- *Large Private Equity Fund Advisers Reporting Events* – The Proposed Amendments would have added new questions requiring large private equity fund advisers to submit information regarding the portfolio companies of its private equity funds, including regarding a portfolio company’s financing, investments and restructuring/recapitalizations. After considering public comments, the Commission acknowledged that the information was portfolio company-level and not fund-level and that advisers might have difficulty obtaining accurate information. In recognition of these difficulties the Commission declined to add the new questions to the Adopted Amendments.
- *General Partner and Limited Partner Clawbacks* – The Proposed Amendments would have required that large private equity fund advisers file a report within one business day of the occurrence of any private equity fund clawbacks from general partners or clawbacks from limited partners in excess of 10 percent of a private equity fund’s aggregated capital commitments. While the Commission did include the reporting of clawbacks in the Adopted Amendments as proposed, instead of filing such information within one business day, the Adopted Amendments will require large private equity fund advisers to include information on qualifying clawbacks on their annual Form PF filing.