



**ONPOINT** / A legal update from  
Dechert's Financial Services Group

# Reminder: Certain U.S. Reporting and Compliance Obligations for Investment Advisers and Private Funds

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January 2025

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# Reminder: Certain U.S. Reporting and Compliance Obligations for Investment Advisers and Private Funds

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The U.S. federal securities laws, the Commodity Exchange Act and regulations thereunder, and certain other applicable federal laws, rules and regulations, as well as rules of U.S. self-regulatory organizations (such as the Financial Industry Regulatory Authority (indirectly) and the National Futures Association) impose reporting and compliance obligations on asset managers and investment funds. Some of these requirements apply only to U.S.-registered investment advisers, commodity pool operators or commodity trading advisors, but others apply to investment managers and funds that are located outside the United States and are not registered in the United States.

This *Dechert OnPoint* provides a brief description of some of these requirements and serves as a reminder of the need for compliance. However, it is not intended to provide a complete discussion of all reporting and compliance requirements that may be applicable to investment advisers and private funds.

Note that – other than for advisory filings of Forms ADV and PF (see Annual Updating of Adviser’s Form ADV; Private Fund Reporting by Registered Advisers) – if the filing date falls on a weekend or federal holiday, the filing is not due until the next business day.

## Reporting of Significant Positions in U.S. Equity Securities

Investment advisers and funds that have discretion over, or beneficially own, more than certain amounts of equity securities registered under the Securities Exchange Act of 1934 (Exchange Act) may have to report these holdings to the Securities and Exchange Commission (SEC). Depending on the circumstances, an investment adviser and/or fund may be required to file Form 13F, Schedule 13D, Schedule 13G, Form 13H or a combination of these with the SEC.

These reporting obligations apply to all investment advisers and funds regardless of whether they are registered with the SEC and regardless of where they are organized (U.S. or non-U.S.).

### Form 13F

|                                |  |
|--------------------------------|--|
| <b>Who must file?</b>          | Institutional Investment Managers (defined below) that exercise investment discretion with respect to at least \$100 million in Section 13(f) Securities (defined below), as of the last trading day of any calendar month.                        |
| <b>What needs to be filed?</b> | Form 13F, plus any request for confidential treatment.   |
| <b>When are filings due?</b>   | Within 45 days after the end of each calendar year with respect to which the investment adviser is an Institutional Investment Manager and within 45 days after each of the first three quarter-ends of the subsequent calendar year. Thus, if the |

investment adviser reached the \$100 million threshold to be considered an Institutional Investment Manager as of the last day of any month in 2024, the investment adviser is required to make all four 13F filings in 2025.

For 2025, the first Form 13F filing is due on February 14. The remaining filings in 2025 are due on May 15, August 14 and November 14.

#### Definitions:

An “Institutional Investment Manager” is defined under Section 13(f)(6)(A) of the Exchange Act as (i) any person, other than a natural person, investing in or buying and selling securities for its own account and (ii) any person, including a natural person, exercising investment discretion with respect to the account of any other person.

Under Section 3(a)(35) of the Exchange Act, a person has “investment discretion” with respect to an account if the person (1) is authorized to determine what securities or other property shall be purchased or sold by or for the account, (2) makes decisions as to what securities or other property shall be purchased or sold by or for the account even though some other person may have responsibility for such investment decisions or (3) otherwise exercises such influence with respect to the purchase or sale of securities or other property by or for the account as the SEC, by rule, determines, in the public interest or for the protection of investors, should be subject to the operation of the provisions of the Exchange Act and the rules and regulations thereunder.

“Section 13(f) Securities” are generally (i) equity securities traded on a U.S. securities exchange (e.g., NYSE, AMEX, NASDAQ), shares of closed-end investment companies and shares of exchange-traded funds, and/or (ii) certain other securities such as:

- ADRs;
- Certain convertible debt securities;
- Swaps and other derivatives if these transactions result in an investment adviser exercising investment discretion over an underlying asset that is an equity security traded on an exchange; and
- Put and call options to the extent that they appear on the SEC’s list of reportable securities.

Each quarter, a complete list of Section 13(f) Securities is available at:

[www.sec.gov/divisions/investment/13flists.htm](http://www.sec.gov/divisions/investment/13flists.htm). Form 13F filers may definitively rely on this list to determine whether a particular security should be included in the filing.

**Schedule 13D**

|  |  |
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| <b>Who must file?</b>                    | Investment advisers, funds or other persons that are direct or indirect Beneficial Owners (defined below) of more than 5% of a class of Equity Securities (defined below) registered under the Exchange Act.   |
| <b>What needs to be filed?</b>           | Schedule 13D, unless qualified to file the short form Schedule 13G instead (see below for a discussion of Schedule 13G reporting).   |
| <b>When are filings due?</b>             | <p><u>Initial filings:</u> Within 5 business days after (1) becoming a direct or indirect Beneficial Owner of more than 5% of a class of Equity Securities registered under the Exchange Act, measured from the trade date and not the trade settlement date, or (2) losing eligibility to file on Schedule 13G.</p> <p><u>Amendments:</u> Within 2 business days after a material change in the information included in a prior filing (e.g., most acquisitions and dispositions of additional Equity Securities constituting 1% of the class, where the intent of the reporting entity changes, or entry into a material agreement regarding the applicable Equity Securities).</p>  |
| <b>How is the 5% threshold measured?</b> | When calculating the percentage of a class of Equity Securities of which it is a Beneficial Owner, an investment adviser must aggregate the holdings of the same class of Equity Securities it holds for itself and all of its client accounts. Where a fund becomes the Beneficial Owner of more than 5% of a class of Equity Securities, it is likely that its investment adviser will also be deemed a Beneficial Owner of those securities for reporting purposes, and both entities would then be required to file.   |
| <b>Definitions:</b>                      | <p>For this purpose, “Beneficial Owner” can be a complex concept, but generally means an entity with:</p> <ul style="list-style-type: none"> <li>• Voting power over the Equity Security (including the power to vote or direct the voting of the Equity Security); or</li> <li>• Investment power over the Equity Security (including the power to dispose or direct the disposition of the Equity Security).</li> </ul> <p>A “Beneficial Owner” of a security also includes any person that, directly or indirectly, creates or uses a trust, proxy, power of attorney, pooling arrangement or any other contract, arrangement or device with the purpose or effect of divesting such person of beneficial ownership of a security or preventing the vesting of such beneficial ownership as part of a plan to evade the reporting requirements of Section 13(d) or (g) of the Exchange Act.</p> <p>A person is also deemed to be the Beneficial Owner of an Equity Security if such person has the right to acquire such Equity Security within 60 days, including through exercising an option, warrant or right, or through the conversion of a convertible security.</p> |

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| Additional Information | <p>Investment advisers with the power to vote or sell an Equity Security held in client accounts will be deemed to be Beneficial Owners of those Equity Securities even if they do not receive any economic benefit from those securities.</p> <p>A holder of a cash-settled derivative security may be deemed a Beneficial Owner of an underlying reference Equity Security if the derivative security (i) is acquired to provide its holder with exclusive or shared voting or investment power over the reference covered class, (ii) is acquired with the purpose or effect of divesting its holder of beneficial ownership of the reference covered class or preventing the vesting of that beneficial ownership as part of a plan or scheme to evade the reporting requirements of Section 13(d) or 13(g) or (iii) is acquired with the purpose (or effect) of changing or influencing the control of the issuer.</p> <p>“Equity Security” generally means an equity security of a class registered under the Exchange Act (including exchange-traded funds and business development companies) or an equity security issued by a closed-end investment company, but excluding any class of non-voting securities.</p> |
|                        | <p>The cut-off time for Schedule 13D filings is 10:00pm Eastern time on the day a filing is due.</p> <p>All information disclosed on Schedule 13D must be filed in an XML-based language.</p>  |

## Schedule 13G

|                         |   |
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| Who must file?          | Investment advisers, funds or other persons that are direct or indirect Beneficial Owners of more than 5% of a class of Equity Securities and qualify as either a Qualified Institutional Investor or Passive Investor (each as defined below). Non-U.S. institutions are also permitted to report beneficial ownership of securities on a short-form Schedule 13G instead of the longer Schedule 13D if they meet certain requirements. <sup>1</sup> |
| What needs to be filed? | Schedule 13G.   |
| When are filings due?   | <p><b>Qualified Institutional Investors:</b></p> <p><u>Initial filings:</u> Within 45 days after the end of the <b>calendar quarter</b> in which the Qualified Institutional Investor beneficially owned 5% or more of a class of Equity Securities as of the last day of the <b>calendar quarter</b>, or within <b>5 business days</b> of</p>  |

<sup>1</sup> In order for a non-U.S. institution to be eligible to file using the shorter Schedule 13G, the non-U.S. institution must be: (a) the non-U.S. equivalent of the kinds of U.S. institutions listed in Exchange Act Rule 13d-1(b)(1)(ii); (b) subject to a regulatory regime that is substantially comparable to the regulatory regime applicable to the equivalent U.S. institution (provided that the non-U.S. institution includes a certification with the Schedule 13G representing that this is the case, and that it will provide the information that would have been required in a Schedule 13D filing to the SEC staff upon request); and (c) holding the securities in the ordinary course of business and not with the purpose or effect of influencing or changing control of the issuer.

|                                   |   |
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|                                   | <p>the end of any calendar month in which the Qualified Institutional Investor becomes the Beneficial Owner of more than 10% of the class of Equity Securities.</p> <p><u>Amendments:</u> (1) Within 45 days of a <b>calendar quarter-end</b> in which a material change occurred and (2) within <b>5 business days</b> after the end of any calendar month in which the Qualified Institutional Investor becomes the Beneficial Owner of more than 10% of the class of Equity Securities and, thereafter, within <b>5 business days</b> after the end of any calendar month in which the percentage beneficially owned increases or decreases by 5% or more of the outstanding securities of the class. A Qualified Institutional Investor must file a Schedule 13D (see above) within <b>5 business days</b> if the Qualified Institutional Investor's investment purpose changes from passive to active.</p> <p><b>Passive Investors:</b></p> <p><u>Initial filings:</u> Within <b>5 business days</b> of the acquisition that caused the Passive Investor to be the Beneficial Owner of 5% or more of a class of Equity Securities.</p> <p><u>Amendments:</u> Within 45 days of a <b>calendar quarter-end</b> in which a material change occurred, (2) within <b>2 business days</b> of a Passive Investor becoming the Beneficial Owner of more than 10% of a class of Equity Securities and (3) if the Passive Investor is a Beneficial Owner of between 10% and 20%, within <b>2 business days</b> of the beneficial ownership increasing or decreasing by 5% of the class. A Passive Investor must file a Schedule 13D (see above) within <b>5 business days</b> if the Passive Investor's investment purpose changes from passive to active, or if the Passive Investor acquires beneficial ownership of more than 20% of the class.</p> |
| How is the 5% threshold measured? | See Schedule 13D discussion above regarding measurement of the 5% threshold.  |
| Definitions:                      | <p>"Qualified Institutional Investors" (i.e., all persons entitled to rely on Exchange Act Rule 13d-1(b)) must hold the Equity Securities in the ordinary course of their business and may not hold the Equity Securities for the purpose of changing or influencing control of the Issuer. Rule 13d-1(b) sets forth a full list of eligible entity types, which include, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• Registered broker-dealers;</li> <li>• Banks;</li> <li>• Insurance companies;</li> <li>• Registered investment companies;</li> <li>• SEC- or state-registered investment advisers; and</li> <li>• Non-U.S. equivalents of the foregoing, subject to certain restrictions (discussed in footnote 3).</li> </ul> <p>A "Passive Investor" is a person that:</p>   |



|                               |  |
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|                               | <ul style="list-style-type: none"> <li>• Is not a Qualified Institutional Investor;</li> <li>• Holds the Equity Security in the ordinary course of its business;</li> <li>• Does not hold the Equity Security for the purpose of changing or influencing control of the issuer; and</li> <li>• Does not hold more than 20% of the applicable class of Equity Security.</li> </ul> <p>“Beneficial Owner” and “Equity Security” have the meanings set out under the Schedule 13D discussion above.</p> |
| <b>Additional Information</b> | <p>The cut-off time for Schedule 13G filings is 10:00pm Eastern time on the day a filing is due.</p> <p>All information disclosed on Schedule 13G must be filed in an XML-based language.</p>  |

## Large Trader Reporting

Market participants, including investment advisers, that conduct in excess of a threshold amount of trading activity (as measured by volume or market value) in exchange-listed securities are required to file Form 13H with the SEC, in order to obtain a “Large Trader Identification Number.”

### Form 13H

|                                |   |
|--------------------------------|---|
| <b>Who must file?</b>          | Large Traders (defined below).  |
| <b>What needs to be filed?</b> | <p>Form 13H, which includes disclosure of the senior officers of the Large Trader, together with a list of the brokerage firms that effect transactions on behalf of the Large Trader.</p> <p>Once the initial Form 13H is filed, the Large Trader will receive a Large Trader Identification Number (also known as an LTID) from the SEC, which the Large Trader must then provide to any broker-dealer where the Large Trader, or its affiliates, maintain an account.</p>  |
| <b>When are filings due?</b>   | <p><u>Initial filings</u>: Promptly after crossing the volume thresholds. “Promptly” is not defined but is generally understood to mean within 10 days. Voluntary filings are permitted, and traders that expect to cross the thresholds in the future may find it prudent to file prior to crossing the thresholds.</p> <p><u>Amendments</u>: Promptly after the end of any calendar quarter in which any information in Form 13H becomes inaccurate. As indicated above, “promptly” is generally understood to mean within 10 days. However, the SEC encourages Large Traders to file an amendment as soon as possible after the information in Form 13H becomes inaccurate. The addition or removal of any broker-dealers from the Large Trader’s list of broker-dealers triggers an amendment filing requirement.</p> |



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| <p><b>Is there an annual filing requirement?</b></p> | <p>Yes, Form 13H must be filed annually, within 45 days after calendar year-end, even if there are no changes to the Form 13H.</p> <p>If the Large Trader did not conduct aggregate transactions during the prior full calendar year that crossed the thresholds, the Large Trader can file for “Inactive Status” on Form 13H.</p> <p>For 2025, the annual amendment filing is due on February 14.</p>  |
| <p><b>Definitions:</b></p>                           | <p>A “Large Trader” is any person or entity that, for its own account or an account for which it exercises investment discretion, effects transactions in NMS Securities (defined below) in an amount equal to or exceeding 2 million shares or \$20 million during any calendar day; or 20 million shares or \$200 million during any calendar month. This includes U.S. and non-U.S. based traders. The thresholds include transactions for the trader’s own account and any accounts over which the trader exercises investment discretion, directly or indirectly, including through persons controlled by such person. Accordingly, this typically includes client accounts of an investment adviser.</p> <p>Under Rule 600(b)(64) of Regulation NMS, “NMS Security” is defined to include any security or class of securities for which transaction reports are collected, processed and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in listed options. In general, the term “NMS Security” refers to U.S. exchange-listed equity securities and standardized options but does not include U.S. exchange-listed debt securities, securities futures or U.S. open-end mutual funds, which are not currently reported pursuant to an effective transaction reporting plan.</p> |

## Additional Exchange Act Reporting by Institutional Investment Managers

As noted under the Form 13F discussion above, “Institutional Investment Manager” is defined under Section 13(f)(6)(A) of the Exchange Act as (i) any person, other than a natural person, investing in or buying and selling securities for its own account and (ii) any person, including a natural person, exercising investment discretion with respect to the account of any other person.

Institutional Investment Managers that are required to file Form 13F are also required to file a Form N-PX containing the Institutional Investment Manager’s proxy voting record with respect to certain shareholder advisory votes on executive compensation (“say-on-pay”) matters. Form 13F filers generally are required to file Form N-PX no later than August 31, 2025, covering the period from July 1, 2024, to June 30, 2025.

Beginning in 2026, Institutional Investment Managers that meet or exceed certain reporting thresholds will also be required to file a Form SHO containing short position data and short activity data for certain Equity Securities. If applicable, the first Form SHO filings will be due by February 17, 2026, for the January 2026 reporting period.

Initial Form SHO filings were originally due by February 14, 2025; however, on February 7, 2025, the SEC provided a temporary exemption from compliance with Rule 13f-2 under the Exchange Act and from reporting on Form SHO. In

granting the exemption, the SEC acknowledged that industry participants had highlighted ongoing work and challenges in connection with developing and implementing required system changes. Notably, Rule 13f-2 has also been challenged by industry groups in the U.S. Court of Appeals for the Fifth Circuit and litigation is ongoing.

### Form N-PX

|                                |   |
|--------------------------------|---|
| <b>Who must file?</b>          | Institutional Investment Managers that are required to file reports under Section 13(f) of the Exchange Act. <sup>2</sup>   |
| <b>What needs to be filed?</b> | Institutional Investment Managers must report on Form N-PX their proxy voting record with respect to each vote on executive compensation matters made pursuant to Section 14A of the Exchange Act for each security over which the manager exercised voting power. <sup>3</sup>   |
| <b>When are filings due?</b>   | Not later than August 31 of each year for the most recent twelve-month period ended June 30. However, an Institutional Investment Manager is not required to file a report on Form N-PX for the 12-month period ending June 30 of the calendar year in which the manager's initial filing on Form 13F is due, or with respect to any shareholder vote at a meeting that occurs after September 30 of the calendar year in which the manager's final filing on Form 13F is due.            |
| <b>Additional Information</b>  | An Institutional Investment Manager may, under certain circumstances, jointly report its required disclosures on Form N-PX with Registered Investment Companies and other Institutional Investment Managers to avoid duplicative reporting. <sup>4</sup> An Institutional Investment Manager that does not have any executive compensation votes to report, or that has a policy not to vote on executive compensation matters, is still required to file a "notice report" on Form N-PX. |

### Form SHO

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| <b>Who must file?</b> | Institutional Investment Managers that reach certain reporting thresholds must file to report short position data and short activity data for certain Equity Securities. |
|-----------------------|--|

<sup>2</sup> Although not within the scope of this OnPoint, investment companies registered under the Investment Company Act of 1940 ("Registered Investment Companies") are also required to file reports on Form N-PX, and their reporting obligations cover a broader array of voting topics in addition to executive compensation matters.

<sup>3</sup> Unlike Form 13F, Form N-PX reporting is not limited to those securities listed on the SEC's official published list of Section 13(f) Securities.

<sup>4</sup> Joint reporting is permitted in three scenarios: (1) a single Institutional Investment Manager may report say-on-pay votes in a case where multiple Institutional Investment Managers exercise voting power over the same securities, (2) a Registered Investment Company may report an Institutional Investment Manager's say-on-pay votes on behalf of an Institutional Investment Manager exercising voting power over some or all of the Registered Investment Company's securities, and (3) two or more affiliated Institutional Investment Managers may file a single report for all affiliated person Institutional Investment Managers within the group, even if they do not exercise voting power over the same securities. Please see the discussion beginning on page 49 of the [Final Rule Release](#) for more details regarding joint reporting.

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| <b>What needs to be filed?</b>          | Form SHO, which consists of a cover page and two information tables. Institutional Investment Managers must provide for each Equity Security the issuer's name, LEI, the title class, CUSIP and Financial Instrument Global Identifier (FIGI). Additionally, they must provide end of month gross short position data and the "net" activity, including derivatives for each settlement date during the calendar month reporting period.   |
| <b>When are the filings due?</b>        | Institutional Investment Managers that reach the reporting thresholds discussed below must file Form SHO within 14 days after the end of each calendar month.  |
| <b>How are the thresholds measured?</b> | <p>Institutional Investment Managers must report information for each "gross short position" of a reporting company issuer over which it and any person under the manager's control has investment discretion collectively that:</p> <ul style="list-style-type: none"> <li>• Represents a monthly average gross short position with a U.S. dollar value of \$10 million or more; or</li> <li>• Represents a monthly average gross short position as a percentage of shares outstanding in the Equity Security of at least 2.5%.</li> </ul> <p>Reporting is also required for short positions in Equity Securities of a non-reporting company issuer when the short position is valued at or exceeds \$500,000 at the close of any settlement date during the month.</p> |
| <b>Definitions:</b>                     | <p>"Equity Security" has the meaning set out under the Schedule 13D discussion above.</p> <p>Rule 13f-2 under the Exchange Act provides that "gross short position" means the number of shares of the Equity Security for which information is being reported that are held short, without inclusion of any offsetting economic positions.</p>   |
| <b>Additional Information</b>           | On a delayed basis, expected to be within one month after the end of each reporting calendar month, the SEC will publish the following aggregated information regarding each individual Equity Security reported by Institutional Investment Managers on Form SHO: the aggregate gross position as of the calendar month's last settlement date; the aggregate gross short position's dollar value; and the "net" activity in the reported Equity Security for each individual settlement date during the calendar month.  |

### Note on SEC Filings and SEC Filing Codes

Entities must submit Form 13F, Schedule 13D, Schedule 13G, Form 13H, Form N-PX and Form SHO filings with the SEC electronically via the Electronic Data Gathering, Analysis and Retrieval (EDGAR) system.

Entities that have not previously made any filings with the SEC through EDGAR should allow at least four to five business days prior to the deadline for the first filing to be made with the SEC (whether on Form 13F, Schedule 13D,

Schedule 13G, Form 13H, Form N-PX or Form SHO) to obtain the necessary SEC filing codes. Sometimes more time is needed.

## Annual Updating of Adviser's Form ADV

An SEC-registered investment adviser must review and file an amended Part 1A and Part 2A (Brochure) of its Form ADV on an annual basis. "Exempt reporting advisers" must file an abbreviated Part 1A and must similarly update this filing on an annual basis. While there is no requirement to periodically update Part 2B (Brochure Supplement) or Part 3 (Form CRS),<sup>5</sup> the information therein must be amended promptly (and for Form CRS, amended and filed within 30 days) if the information therein becomes materially inaccurate.

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| <b>What is Form ADV?</b>                         | <p>Form ADV is a uniform form used by investment advisers to register with the SEC (as well as to register or notice file, as applicable, with state securities authorities) and consists of the following:</p> <ul style="list-style-type: none"> <li>• Part 1A: a check-the-box, fill-in-the-blank form providing information and data regarding the adviser's advisory business;</li> <li>• Part 1B: for an adviser registered only with one or more states, information required by state securities authorities;<sup>6</sup></li> <li>• Part 2A: narrative brochure that provides information regarding key aspects of the adviser's business, services and conflicts of interest to clients;</li> <li>• Part 2B: narrative brochure supplements that provide biographical, disciplinary and other information for specific "supervised persons" who provide investment advice; and</li> <li>• Part 3 (Form CRS): two-page document<sup>7</sup> that provides plain English information to retail investor clients of the adviser.</li> </ul> |
| <b>How are amendments to Form ADV submitted?</b> | <p>Amendments to Part 1A, as well as Part 2A (but not Part 2B) and Form CRS, must be submitted electronically through the Investment Adviser Registration Depository (IARD) <a href="#">website</a>, which is maintained by the Financial Industry Regulatory Authority (FINRA). The Brochure must be uploaded as a text-searchable document in portable document format (PDF) to IARD. Form CRS must be uploaded to IARD as</p>   |

<sup>5</sup> Form CRS is a customer or client relationship summary that provides (among other things) information about: the relationships and services the firm offers to retail investors; fees and costs that retail investors will pay; specified conflicts of interest; standards of conduct; and disciplinary history. Form CRS is required only for SEC-registered investment advisers with a retail investor, which includes any natural person, or the legal representative of such natural person, who seeks to receive or receives services primarily for personal, family or household purposes.

<sup>6</sup> Part 1B is not required to be completed by advisers that are applying for SEC registration or already are registered with the SEC. However, Part 1B is required for exempt reporting advisers that are required to register with one or more state securities authorities.

<sup>7</sup> For advisers that are registered as both investment advisers and broker-dealers and wish to describe their advisory and broker-dealer services in a single Form CRS, the page limit is four pages.

|  |  |
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|  | a text-searchable document with machine-readable headings. Each adviser's Part 1A, Brochure and Form CRS are accessible to the public through the Investment Adviser Public Disclosure (IAPD) <a href="#">website</a> .  |
| <b>By what date must Part 1A of Form ADV and the Brochure be updated?</b>  | Part 1A of Form ADV and the Brochure must be updated at least annually within 90 days of a registered investment adviser's fiscal year-end. <sup>8</sup> For advisers with a December 31 fiscal year-end, the annual amendment filing is due on March 31, 2025.  |
| <b>What is the delivery requirement for the Brochure?</b>                  | <p>Registered investment advisers must deliver to clients within 120 days of fiscal year end a summary of material changes to the Brochure from the prior year, with either (i) the updated Brochure or (ii) an offer to provide the updated Brochure upon request.</p> <p>For advisers with a December 31 fiscal year end, delivery of the Brochure must be made to clients on or before April 30, 2025.</p>  |
| <b>Is there an annual update requirement for the Brochure Supplements?</b> | A Brochure Supplement must be updated promptly after any information therein becomes materially inaccurate. Registered investment advisers generally should review their Brochure Supplements periodically, including at the time of the annual update and upon any changes in personnel or an individual's title or function, to ensure the disclosure remains current. There is no filing requirement for the Brochure Supplements; instead, advisers must maintain copies of their Brochure Supplements in their books and records. |
| <b>Is there a delivery requirement for the Brochure Supplements?</b>       | A Brochure Supplement must be delivered to a prospective client at or before the time when the "supervised person" to whom the Brochure Supplement relates   |

<sup>8</sup> Certain sections of Part 1A require updates on an other-than-annual basis. Part 1A Items 1 (with limited exceptions), 3, 9 (with limited exceptions) and 11 must be amended promptly after information becomes inaccurate in any way, and Items 4, 8 and 10 must be amended promptly after the information becomes materially inaccurate. Further, Sections 7.B and 9.C of Schedule D must be amended promptly, if necessary, when reports from the fund's auditors and the independent public accountants engaged by the adviser to perform a surprise audit, respectively, are received. Part 1A also must be amended promptly if adding or removing a relying adviser as part of an umbrella registration.

The Brochure must be updated promptly after any information therein becomes materially inaccurate. An adviser is not required to update its brochure between annual amendments solely because the amount of client assets managed has changed or because an adviser's fee schedule has changed. However, if an adviser is updating the brochure for a separate reason in between annual amendments, and the amount of client assets listed in response to Item 4.E or the fee schedule listed in response to Item 5.A has become materially inaccurate, the adviser should update the item(s) as part of the interim amendment. As a fiduciary, an adviser also has an ongoing obligation to inform its clients of any material changes that could affect the advisory relationship, even if those changes do not trigger delivery of an updated Brochure or Brochure Supplement. Additionally, advisers that file Form PF on a quarterly basis must amend Section 7.B of Schedule D of their Form ADV when they begin advising a new Private Fund in order to obtain a private fund identification number for such Private Fund.

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|  | <p>begins to provide advisory services (or certain other services) to that client.<sup>9</sup> Delivery of an updated Brochure Supplement to clients is required when there is an update to any disciplinary information provided (e.g., new disciplinary event, material change to disciplinary information already disclosed).</p>  |
| <p><b>Which advisers qualify to use umbrella registration?</b></p> | <p>In certain cases, an adviser completing Form ADV (the “filing adviser”) may file a single Form ADV that includes all required information about the filing adviser and certain of its affiliated advisers (its “relying advisers”), and satisfies the registration/disclosure requirements of Form ADV for both the filing adviser and each relying adviser (an “umbrella registration”).</p> <p>Umbrella registrations are only permitted if: (i) a group of related advisers is operating a single advisory business; (ii) each of the relying advisers is controlled by or under common control with the filing adviser (together, “all advisers”); and (iii) the following additional conditions are met:</p> <ul style="list-style-type: none"> <li>• All advisers advise only private funds and separately managed accounts for “qualified clients” who are eligible to invest in those private funds and whose accounts pursue substantially similar investment objectives and strategies as those private funds;</li> <li>• The principal office and place of business of the filing adviser is in the United States;</li> <li>• Each relying adviser, its employees and those acting on the relying adviser’s behalf are “persons associated with” the filing adviser, and thus under the supervision and control of the filing adviser;</li> <li>• Each relying adviser’s advisory activities are governed by the Investment Advisers Act of 1940, and the relying advisers are subject to examination by the SEC; and</li> <li>• All advisers operate under a single code of ethics, single set of written policies and procedures and have the same Chief Compliance Officer.</li> </ul> |
| <p><b>What filing fees are required?</b></p>                       | <p>There is a fee payable in connection with filing the annual updating amendment, which ranges depending on regulatory assets under management (RAUM). There are additional annual renewal fees charged by certain states in which the adviser has made notice filings. The state renewal fees are generally charged to the adviser’s IARD account in December of each year. Advisers seeking to avoid notice</p>  |

<sup>9</sup> There are several exceptions to the Brochure Supplement delivery requirement. For example, if a supervised person begins to provide advisory services as a result of another supervised person’s termination or resignation, the delivery of the new supervised person’s Brochure Supplement can be made within 30 days after the new supervised person begins to provide advisory service to the client if certain conditions are met. Similarly, if a supervised person provides advisory services to clients on a temporary basis for 30 days or less (such as when the primary supervised person is on vacation), an adviser does not need to deliver a Brochure Supplement with respect to such supervised person.

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|   | filing fees in a state where notice filing is no longer required should amend their Form ADV generally by the first week in November. <sup>10</sup>  |
| <b>What are the Form ADV filing requirements for exempt reporting advisers?</b>   | <p>Advisers that file Form ADV as “exempt reporting advisers” (advisers that qualify as “private fund advisers” or “venture capital fund advisers”) must submit an abbreviated version of Part 1A to the SEC through IARD.<sup>11</sup> Exempt reporting advisers are not required to maintain or file a Brochure, Brochure Supplement or Form CRS.</p> <p>Form ADV filings made by exempt reporting advisers are subject to the same annual updating requirements as SEC-registered advisers; the filings must be updated within 90 days of the adviser’s fiscal year end.<sup>12</sup> All filings made by exempt reporting advisers are publicly available.</p> |
| <b>Do non-U.S. advisers that are required to complete Item 5 and that do not have a principal place of business in the United States need to disclose information about the non-U.S. aspects of their business?</b> | Yes. According to Item 5.F.(3) of Part 1A, an adviser must report information relating to the non-U.S. portion of its business – specifically, the total RAUM attributable to clients that are non-U.S. persons. This is true even if the adviser has a principal place of business outside of the United States.  |
| <b>What is the purpose of Form CRS?</b>   | <p>Form CRS is designed to educate and inform retail investors about:</p> <ul style="list-style-type: none"> <li>• The types of relationships and services the firm offers;</li> <li>• The fees, costs, conflicts of interest and required standards of conduct associated with those relationships and services;</li> <li>• Whether the firm and its financial professionals currently have reportable legal or disciplinary history; and</li> <li>• How to obtain additional information about the firm.</li> </ul>  |
| <b>When must Form CRS be amended?</b>   | Advisers should review their Form CRS upon any material changes to their advisory services provided to retail investors. An amended Form CRS must be filed within 30 days if information becomes materially inaccurate. The filing should highlight the  |

<sup>10</sup> See [2025 Investment Adviser Renewal Bulletin](#) and the IARD website for subsequent bulletins with updated information on filing fees.

<sup>11</sup> Exempt reporting advisers must complete Items 1, 2, 3, 6, 7, 10, 11 and the corresponding sections of Schedules A, B, C, and D of Part 1A of Form ADV.

<sup>12</sup> As with registered advisers, exempt reporting advisers must, in certain instances, amend their Form ADV on an other-than-annual basis. Information contained in Items 1 (with limited exceptions), 3 and 11 must be amended promptly after they become inaccurate in any way, and information in Item 10 must be amended promptly after the information becomes materially inaccurate.



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|   | <p>most recent changes. Although there is no specific annual updating requirement, advisers should consider reviewing Form CRS annually in connection with their annual updating amendment.</p>   |
| <p><b>Is there a delivery requirement for Form CRS?</b></p>   | <p>Consistent with existing Brochure delivery requirements, advisers must deliver Form CRS to each retail investor before or at the time the adviser enters into an advisory contract with the retail investor. The delivery requirement applies to oral contracts. Further, advisers must deliver Form CRS to a retail investor who is an existing client before or at the time the adviser: (i) opens a new account that differs from the retail investor's existing account; (ii) recommends a roll over into a new or existing account or investment; or (iii) recommends or provides a new investment advisory service or investment. Advisers are not required to deliver Form CRS to private funds (which are not retail investors) or investors in such private funds, unless the investor is otherwise a client of the adviser and satisfies the definition of "retail investor." Form CRS also must be posted prominently on an adviser's public website.</p> |
| <p><b>Do non-US advisers need to deliver a Form CRS to their non-U.S. clients or non-U.S. retail investors?</b></p>   | <p>While neither the SEC nor its staff has made a definitive statement on this topic, it is reasonable to conclude that non-U.S. advisers (<i>i.e.</i>, advisers registered with the SEC that do not have a principal place of business in the United States) do not need to deliver Form CRS to current or prospective non-U.S. retail investors.</p>  |
| <p><b>If an adviser provides several types of services to investors, can the adviser prepare and deliver more than one Form CRS (one for each service it offers)?</b></p> | <p>No, the SEC staff has stated that advisers can only prepare a single Form CRS.<sup>13</sup></p>  |
| <p><b>What are the compliance requirements for dual registrants?</b></p>  | <p>Dual registrants are encouraged by the SEC to use a combined Form CRS (that may not exceed four pages) to discuss brokerage and advisory services; however, they are permitted to provide separate summaries that may not exceed two pages each.</p> <p>Dual registrants must deliver Form CRS at the earlier date required by the broker-dealer and investment adviser timing rules.</p>  |

<sup>13</sup> Division of Investment Management and Division of Trading and Markets, [Frequently Asked Questions on Form CRS](#). However, an adviser that provides substantially different types of advisory services may prepare separate Brochures, provided each client receives all information about the applicable services and fees.

## Private Fund Reporting by Registered Advisers

Registered investment advisers that manage “Private Funds” above certain RAUM thresholds must file Form PF. A “Private Fund” is any issuer that would be an investment company as defined in Section 3 of the Investment Company Act of 1940, but for the exclusions provided by Section 3(c)(1) or 3(c)(7) of that Act.<sup>14</sup> Form PF describes the categories of Private Funds for which reporting is required and sets forth relevant RAUM thresholds and related reporting and updating requirements for each category. All capitalized terms used in this section of the *OnPoint* not otherwise defined, are defined in the Glossary of Terms in Form PF.

Form PF is scheduled to undergo significant changes on June 12, 2025. The compliance date for such changes was originally March 12, 2025; however, on January 29, 2025, the SEC extended the compliance date to June 12, 2025.<sup>15</sup>

On October 13, 2023, the SEC adopted Rule 10c-1a under the Exchange Act, effective January 2, 2024, which requires any person that lends a security on behalf of itself or another person to provide certain securities lending information (Rule 10c-1a information) to a registered national securities association (RNSA) within specified time periods. While the requirements may interact with Form PF reporting requirements (e.g., requirements to report the fees and expenses of private funds and other terms with respect to the relationship between such private funds and their fund advisers as well as the performance of such private funds), some registered investment advisers may have certain reporting obligations under Rule 10c-1a, depending on whether they fit Rule 10c-1a’s broad definition of Covered Person (as defined in Rule 10c-1a) and whether the securities in which they engage are Covered Securities Loans (as defined in Rule 10c-1a).

### Form PF

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| <b>Who must file?</b>          | SEC-registered investment advisers that manage at least one Private Fund and have at least \$150 million of gross RAUM in connection with the Private Fund(s) they manage (Relevant RAUM). <sup>16</sup> A registered adviser must include on Form PF the Private Funds it identified on its Form ADV. <sup>17</sup> |
| <b>What needs to be filed?</b> | Form PF, including:  |

<sup>14</sup> This is also the definition of a Private Fund for purposes of Form D, Form ADV and FINRA Rule 5131.

<sup>15</sup> [\*Form PF: Reporting Requirements for All Filers and Large Hedge Fund Advisers; Extension of Compliance Date\*](#), SEC Release No. IA-6838 (Jan. 29, 2025).

<sup>16</sup> For purposes of the form, an adviser must include the Relevant RAUM of its related persons (as defined in Form PF) in making this determination, unless the related person is “separately operated” for purposes of Form ADV. A related person is defined in Form ADV as any advisory affiliate and any person that is under common control.

<sup>17</sup> For purposes of calculating Relevant RAUM, there are certain instances in which an adviser must aggregate certain separately managed and fund accounts, as well as certain instances when it is not required to do so, which may lessen the reporting burden. Beginning June 12, 2025, separate reporting will be required for each entity in a master-feeder arrangement or parallel fund structure, with the exception of disregarded feeder entities. However, these entities will continue to be considered in the aggregate in calculating the Relevant RAUM. Beginning June 12, 2025, Private Funds that invest in other Private Funds must include the value of those investments when calculating their Relevant RAUM. In addition, in cases where a Private Fund is managed by multiple advisers, only one adviser is permitted to file Form PF with respect to such Private Fund. The Relevant RAUM for liquidity funds includes registered money market fund assets.

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| <p><b>What are reportable events under Section 5?</b></p> | <p>Section 1a/1b: All filers.<sup>18</sup> Section 1a asks general identifying information about the adviser and the types of Private Funds they advise. Section 1b asks for certain information regarding the Private Funds advised by the adviser.</p>   |
|   | <p>Section 1c: All advisers to hedge funds.<sup>19</sup> Section 1c asks for certain information regarding the hedge funds advised by the adviser.</p>   |
|   | <p>Section 2: Large Hedge Fund Advisers (those with at least \$1.5 billion in Relevant RAUM with respect to hedge funds).<sup>20</sup> Section 2 includes aggregated information about the hedge funds advised by the adviser, such as exposure, a geographical breakdown of investments, portfolio liquidity, and other information.</p>  |
|   | <p>Section 3: Large Liquidity Fund Advisers (those with at least \$1 billion in Relevant RAUM with respect to liquidity funds). Section 3 includes information about the liquidity funds advised by the adviser, such as information on assets, financing, investors, portfolio securities, and any parallel money market funds.</p>   |
|   | <p>Section 4: Large Private Equity Fund Advisers (those with at least \$2 billion in Relevant RAUM with respect to private equity funds). Section 4 includes information about the private equity funds advised by the adviser, such as investment strategy, financing, exposures, and more.</p>   |
|   | <p>Section 5: Current Report for Large Hedge Fund Advisers to Qualifying Hedge Funds (funds with at least \$500 million as of the last day of any month in the fiscal quarter immediately preceding its most recently completed fiscal quarter). Section 5 includes more current information about the hedge funds advised by the adviser, such as extraordinary investment losses, margin, collateral or equivalent increases, counterparty defaults, operations events, and other information.</p> |
|   | <p>Section 6: Quarterly Event Report for all Private Equity Fund advisers. Section 6 includes information about the private equity funds advised by the adviser, such as Adviser-led secondary transactions, general partner removal and termination of the investment period or termination of the Fund.</p>  |
|   | <p><b>Extraordinary Investment Losses:</b> A Large Hedge Fund Adviser must report if the fund experiences a loss equal to or greater than 20% of the fund's reporting fund aggregate calculated value (RFACV)<sup>21</sup> over a rolling 10-business-day period.</p>  |

<sup>18</sup> Beginning June 12, 2025, all Form PF filers will be required to provide additional information about the adviser, related entities, trading vehicles, and private fund assets under management.

<sup>19</sup> Beginning June 12, 2025, all advisers to hedge funds will be required to report additional information, including the use of digital assets as an investment strategy, counterparty exposure and use of trading and clearing mechanisms.

<sup>20</sup> On June 12, 2025, aggregate reporting questions will be removed, and additional fund-level reporting will be required, including reporting on investment exposure, open and large position reporting, borrowing and counterparty exposure, and market factor elements.

<sup>21</sup> "RFACV" is defined as "every position in the reporting fund's portfolio, including cash and cash equivalents, short positions, and any fund-level borrowing, with the most recent price or value applied to the position for purposes of managing the investment portfolio."

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|   | <p><b>Certain margin events:</b> A Large Hedge Fund Adviser must report an increase in margin requirements greater than or equal to a 20% increase of the fund's average daily RFACV over a rolling 10-business-day period. An adviser must also report margin default by the fund or inability of the fund to meet a call for margin.</p> <p><b>Counterparty defaults:</b> A Large Hedge Fund Adviser must report when a counterparty to the fund (1) does not meet a call for margin, collateral or equivalent or fails to make any other payment in the manner contractually required and (2) the amount involved is greater than 5% of the fund's RFACV.</p> <p><b>Termination or material restriction of a prime broker relationship:</b> A Large Hedge Fund Adviser is required to report instances in which the prime broker terminates or materially restricts its relationship with the fund in markets where that prime broker remains active. A Large Hedge Fund Adviser must also report if either party terminates the relationship after a "termination event", as defined in the prime brokerage agreement, in the preceding 12 months.</p> <p><b>Significant disruption or degradation to critical operations:</b> A Large Hedge Fund Adviser must report when there is significant disruption or degradation to operations such as investment, trading, valuation, reporting, risk management and operations relating to compliance with federal securities laws and regulations.</p> <p><b>Certain events associated with large withdrawals and redemptions:</b> A Large Hedge Fund Adviser must report if the fund receives withdrawal or redemption requests of more than 50% of the fund's net asset value.</p> |
| <p><b>What are reportable events under Section 6?</b></p>                               | <p><b>Execution of an adviser-led secondary transaction:</b> Private Equity Fund advisers must report any transaction initiated by the adviser, or its related persons, that offers investors the choice to (1) sell all or a portion of their interests in the fund; or (2) convert or exchange all or a portion of their interests in the fund for interests in another vehicle advised by the adviser or its related persons.</p> <p><b>An Investor Election to Remove a Fund's General Partner or Terminate a Fund's Investment Period or Terminate a Fund:</b> Private Equity Fund advisers must report when a fund's investors have (1) removed the adviser or an affiliate as the general partner or control person of the fund; (2) elected to terminate the fund's investment period; or (3) elected to terminate a fund.</p>   |
| <p><b>When are updates due to reportable events under Sections 5 or 6 required?</b></p> | <p><b>For advisers that qualify as Large Hedge Fund Advisers:</b></p> <p>As soon as practicable but no later than 72 hours after the occurrence of certain reporting events,<sup>22</sup> a current report in Section 5 upon the occurrence of certain current reporting events.<sup>23</sup></p>  |

<sup>22</sup> The 72-hour period begins either upon the occurrence of the event itself or when the Large Hedge Fund Adviser reasonably believed the event occurred.

<sup>23</sup> A Large Hedge Fund Adviser filing a current report in Section 5 should only file Section 5.

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| <b>When are initial filings due?</b>           | <p><b><i>For advisers that qualify as Private Equity Funds Advisers:</i></b></p> <p>Within 60 calendar days of the first, second and third fiscal quarter of the adviser, a private equity event report in Section 6 upon the occurrence of certain private equity reporting events.<sup>24</sup></p>   |
|  | <p>Beginning June 12, 2025, all filers that are required to file on a quarterly basis will be required to file on a calendar quarter basis, rather than on the basis of their fiscal quarters.</p> <p><b><i>For advisers that qualify as Large Hedge Fund Advisers:</i></b></p> <p>An adviser that crosses the threshold of \$1.5 billion of Relevant RAUM with respect to hedge funds as of any month-end must file Form PF (including the more detailed Section 2 as applicable) within 60 calendar days of the end of the subsequent fiscal quarter of the adviser. For example, if an adviser with a fiscal year-end of December 31 crosses such threshold as of the last day of February, the adviser must file Form PF with respect to data from the April-to-June fiscal quarter within 60 calendar days following the end of June.</p>  |
|  | <p><b><i>For advisers that qualify as Large Liquidity Fund Advisers:</i></b></p> <p>An adviser that crosses the threshold of \$1 billion of Relevant RAUM with respect to liquidity funds as of any month-end must file Form PF (including the more detailed Section 3 as applicable) within 15 calendar days of the end of the subsequent fiscal quarter of the adviser. For example, if the adviser with a fiscal year-end of December 31 crosses such threshold as of the last day of February, the adviser must file Form PF with respect to data from the April-to-June fiscal quarter within 15 calendar days following the end of June.</p> <p><b><i>For all advisers to Private Equity Funds, as well as advisers to hedge funds or liquidity funds that do not meet the threshold to be Large Hedge Fund Advisers or Large Liquidity Fund Advisers:</i></b></p> <p>Filings are due 120 calendar days following the end of the fiscal year of the adviser if the adviser had at least \$150 million in Relevant RAUM as of the end of such fiscal year.</p> <p>Large Private Equity Fund Advisers must comply with the new Section 4 requirements in reports filed on and after June 11, 2024.</p> <p>For advisers with a December 31 fiscal year-end, the Form PF filing is due on April 30.</p> |
| <b>Is there a periodic update requirement?</b> | <p>Yes, depending on whether the adviser qualifies as a Large Hedge Fund Adviser, Large Liquidity Fund Adviser, Private Equity Fund adviser or other adviser to Private</p>   |

<sup>24</sup> A Private Equity Fund adviser filing a private equity event report in Section 6 should only file Section 6. Section 6 must be filed within 60 calendar days of the end of the applicable fiscal quarter in which the private equity reporting event occurred. This timing is not changed by the upcoming move of quarterly periodic reports to follow calendar, rather than fiscal, quarters.

Funds. Large Hedge Fund Advisers and Large Liquidity Fund Advisers must update Form PF quarterly. Beginning June 12, 2025, all filers that are required to file on a quarterly basis will be required to file on a calendar quarter basis, rather than on the basis of their fiscal quarters.

All other qualifying advisers must update Form PF annually.

The updating requirement is summarized below:

Large Hedge Fund Advisers:

- Within 60 calendar days of the end of the first, second and third fiscal quarter of the adviser, a quarterly update that updates the answers to all items in Form PF relating to hedge funds.
- Within 60 calendar days after the end of the fourth fiscal quarter of the adviser, a quarterly update that updates the answers to all items in Form PF.<sup>25</sup>

Large Liquidity Fund Advisers:

- Within 15 calendar days of the end of the first, second and third fiscal quarter of the adviser, a quarterly update that updates the answers to all items in Form PF relating to liquidity funds.
- Within 15 calendar days after the end of the fourth fiscal quarter of the adviser, a quarterly update that updates the answers to all items in Form PF.<sup>26</sup>

Private Equity Fund advisers:

- Within 60 calendar days of the first, second and third fiscal quarter of the adviser, a private equity event report in Section 6 upon the occurrence of certain private equity reporting events.<sup>27</sup>

Other advisers:

- Annually within 120 calendar days of the adviser's fiscal year-end; all items in Form PF.<sup>28</sup>

If an adviser is transitioning from quarterly to annual filings because the adviser is no longer a Large Hedge Fund Adviser or Large Liquidity Fund Adviser, then the

<sup>25</sup> A Large Hedge Fund Adviser may update as of 60 days of the end of its fourth fiscal quarter only the information relating to hedge funds only so long as the adviser files an amendment to Form PF within 120 days of the end of the fourth fiscal quarter updating information in the form relating to other Private Funds.

<sup>26</sup> A Large Liquidity Fund Adviser may update as of 15 days of the end of its fourth fiscal quarter only the information relating to hedge funds only so long as the adviser files an amendment to Form PF within 60 days of the end of the fourth fiscal quarter updating information in the form relating to other Private Funds.

<sup>27</sup> A Private Equity Fund adviser filing a private equity event report in Section 6 should only file Section 6.

<sup>28</sup> Large Hedge Fund Advisers and Large Liquidity Fund Advisers are not required to file annual updates but instead file quarterly updates for the fourth quarter.

adviser must complete and file Item A of Section 1a and check the box in Section 1a indicating that the adviser is making its final quarterly filing, and must file the transition filing no later than the last day on which the next quarterly update would be timely for such adviser (based on whether it is transitioning from being a Large Hedge Fund Adviser or Large Liquidity Fund Adviser).

## Filing Requirements for New and Continuing U.S. Private Placements

Section 5 of the Securities Act of 1933 (Securities Act) generally requires registration of any security offered or sold through the use of any means of U.S. interstate commerce. Section 4(a)(2) of the Securities Act and Regulation D provide private placement exemptions from registration under the Securities Act for any offer or sale of a security by an issuer that does not involve a public offering. Rule 506 under Regulation D is a commonly used private placement exemption that allows issuers to raise money in a private securities offering without a maximum offering amount if purchasers of securities meet certain eligibility requirements, including qualifying as accredited investors. Rule 506(b) is a non-exclusive safe harbor under Section 4(a)(2), which prohibits general solicitation or general advertising in connection with an offering of securities. Rule 506(c) is an exemption created in 2013 under Section 4(a)(2), which permits general solicitation and general advertising in connection with an offering, subject to satisfying certain conditions, including taking reasonable steps to verify the accredited investor status of purchasers.

### Form D

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| <b>Who must file?</b>          | Each issuer, including hedge funds, private equity funds and foreign funds (e.g., UCITS and AIFs), that makes a private placement offering in the United States pursuant to Rule 506(b) or Rule 506(c) under Regulation D. Additionally, any issuer making a continuing private placement in the United States pursuant to Rule 506(b) or 506(c) under Regulation D is required to file, annually during the course of the offering, an updating amendment to its federally filed Form D.   |
| <b>What needs to be filed?</b> | <p>Form D with the SEC, plus any additional blue sky filings in the state(s) where the sale of securities occurred (i.e., the place where the decision to invest was made by the applicable investor, which may or may not be such investor's domicile/registered address), depending on each state's blue sky laws. For continuing offerings, the filing of the required annual amendment with the SEC may trigger various state notice renewal filing requirements as well.</p> <p>As part of the Form D filing, the issuer must certify that it is not disqualified by the "Bad Actor Rules," which prevent issuers from relying on the Rule 506(b) or Rule 506(c) exemption (as applicable), if the issuer or a covered person thereof (which includes the issuer's directors, officers, general partners or managing members, and certain beneficial owners, among other individuals and entities) has had a relevant criminal conviction or has been the subject of certain regulatory actions or other disqualifying events as set forth in the Bad Actor Rules.</p> <p>As support for its certification, the issuer may need to obtain representations from each covered person that such person (i) has not been the subject of any relevant</p> |



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|   | <p>disqualifying event under the Bad Actor Rules and (ii) will notify the issuer upon an event that might trigger the Bad Actor Rules. The issuer should obtain updated representations in connection with the Bad Actor Rules periodically as long as the offering is ongoing.</p>  |
| <b>When are filings due?</b>  | <p><u>New offerings</u>: Within 15 calendar days after the first sale of securities. The date of first sale is the date on which the first investor is irrevocably contractually committed to invest, which, depending on the terms and conditions of the contract, could be the date on which the issuer receives the investor's subscription agreement or payment.</p> <p><u>Continuing offerings</u>: With respect to such issuers that have a continuous offering (e.g., hedge funds) of more than one year, on or before the anniversary of the issuer's last federally filed Form D. Note that issuers that have a finite fundraising period of under one year (e.g., certain closed-end funds) generally will not be required to make continuing offering filings; however, an issuer is required to file an updated Form D on or before the first anniversary of the previous filing, if the offering is ongoing (even if the fundraising period is limited).</p> <p>Form ADV requires investment advisers to specify whether each Private Fund that they advise is relying on Regulation D and, if so, to provide such Private Fund's Form D file number. It is therefore imperative to ensure that all Form D filings are kept up to date.</p> |
| <b>How are filings made?</b>  | <p>Issuers must submit Form D filings to the SEC electronically via the EDGAR system.</p> <p>States are becoming increasingly demanding regarding compliance with their notice filing requirements. Penalties for non-compliance can include substantial late fees and can ultimately lead to demands by state securities regulators that rescission offers be made to investors within that state.</p>  |
| <b>What do I need to make the filing with the SEC electronically?</b> | <p>Issuers that have not previously filed documents electronically with the SEC will need to obtain EDGAR access codes, by submitting a Form ID, before such issuers can file Form D. Each issuer must obtain its own EDGAR access code.</p>   |
| <b>Is there an update requirement?</b>                                | <p>Amendments to Form D are generally required to be made where:</p> <ul style="list-style-type: none"> <li>• A year has passed since the filing of the Form D or the most recent amendment, if the offering is still ongoing;</li> <li>• A material mistake of fact or error in a previously filed notice is discovered; or</li> <li>• A change in information in the previously filed notice occurs, other than in certain prescribed circumstances.</li> </ul>  |

## Annual Eligibility Verification for a Fund's Participation in "New Issues"

"New Issues" are certain initial public offerings of equity securities made pursuant to a registration statement or offering circular (see full definition below).

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| <p><b>Who may invest in New Issues?</b></p> | <p><b>Rule 5130:</b> FINRA Rule 5130 prohibits U.S.-registered broker-dealers that are FINRA members from selling (or causing to be sold) New Issue securities to any account in which a Restricted Person (defined below) has a beneficial interest, including private funds whose beneficial owners include a Restricted Person.</p> <p><b>Rule 5131:</b> FINRA Rule 5131 prohibits the allocation of New Issues by FINRA members to covered accounts.</p> <p>Generally, a private investment fund's offering materials contain a questionnaire in the fund's application form or subscription agreement, designed to ascertain whether potential investors are Restricted Persons or have covered accounts. This questionnaire enables the fund to determine whether it can make the required representations to FINRA members (as discussed below) to permit a FINRA member to sell (or cause to be sold) a New Issue to the private fund in compliance with FINRA Rule 5130 and Rule 5131.</p>   |
| <p><b>Definitions:</b></p>                  | <p>"New Issue" is any initial public offering of an equity security, as defined in Section 3(a)(11) of the Exchange Act, made pursuant to a registration statement or offering circular. New Issues do not include:</p> <ul style="list-style-type: none"> <li>• Offerings made pursuant to an exemption under Section 4(a)(1), 4(a)(2) or 4(a)(5) of the Securities Act, or Securities Act Rule 504 if the securities are: "restricted securities" under Securities Act Rule 144(a)(3), or Rule 144A or Rule 505 or Rule 506 adopted under the Securities Act, or offerings made under Regulation S of the Securities Act or otherwise made outside of the United States or its territories (unless the securities offered and sold in the Regulation S offering or other offering made outside of the United States also are registered for sale in the United States under the Securities Act in connection with a concurrent initial public offering of an equity security in the United States);</li> <li>• Offerings of exempted securities as defined in Section 3(a)(12) of the Exchange Act and rules promulgated thereunder;</li> <li>• Offerings of securities of a commodity pool operated by a commodity pool operator (as defined under Section 1a(11) of the Commodity Exchange Act);</li> <li>• Rights offerings, exchange offers or offerings made pursuant to a merger or acquisition;</li> <li>• Offerings of investment grade asset-backed securities;</li> <li>• Offerings of convertible securities or preferred securities;</li> <li>• Offerings of an SEC-registered investment company;</li> </ul> |

- Offerings (registered on Form F-6) of securities that have a pre-existing market outside of the United States, including American Depositary Receipts; and
- Offerings of a: special purpose acquisition company subject to SEC rules and regulations; business development company (as defined in Section 2(a)(48) of the Investment Company Act of 1940); direct participation program (as defined in Rule 2310(a)); or real estate investment trust (as defined in Section 856 of the U.S. Internal Revenue Code, or IRC).

“Restricted Persons” under Rule 5130 are: FINRA members or other broker-dealers; broker-dealer personnel; finders and fiduciaries of the underwriter of the New Issue; owners of broker-dealers; portfolio managers<sup>29</sup>; and immediate family members of the above. The prohibitions of Rule 5130 do not apply to an account if the beneficial interests of Restricted Persons do not exceed, in the aggregate, 10% of such account.<sup>30</sup> The prohibitions of Rule 5130 also do not apply to foreign non-FINRA members in an underwriting syndicate for a New Issue where the foreign non-FINRA member is allocating the New Issue to non-U.S. persons.

“Beneficial interest” under FINRA Rule 5130 means “any economic interest, such as the right to share in gains or losses.” Management or performance-based fees for advising or operating a private fund, or other fees for acting in a fiduciary capacity, are not considered a beneficial interest.

For purposes of Rule 5131, “covered accounts” include certain accounts in which an executive officer or director of a public company or a covered non-public company, or a person materially supported by such executive officer or director, has a beneficial interest (as defined under FINRA Rule 5130(i)(1)).

An “executive officer or director” for the purpose of Rule 5131 includes any: (i) person named as an executive officer or director in a U.S. public company’s most recent proxy statement filed with the SEC or in an annual report filed with the SEC on Form 10-K or Form 20-F; (ii) an executive officer or director of a non-U.S. company that is registered with the SEC under the Exchange Act; or (iii) an executive officer or director of certain non-public companies. For entities that are not formed as corporations, the term “director” should be interpreted to include any person who performs similar functions for such entity.

“Material support” for the purpose of Rule 5131 means directly or indirectly providing more than 25% of a person’s income in the prior calendar year. Persons living in the same household are deemed to be providing each other with material support.

<sup>29</sup> Portfolio Managers are “any person who has authority to buy or sell securities for a bank, savings and loan institutions, insurance company, investment company, investment advisor or collective investment account.”

<sup>30</sup> Thus, a private fund whose beneficial owners include Restricted Persons who own, in the aggregate, 10% or more of the private fund, would be an account that in which Restricted Persons have a beneficial interest and therefore cannot invest in New Issues sold by a FINRA member.

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| <p><b>What verifications are required?</b></p>                    | <p>A private investment fund seeking to make the required representations to a FINRA member to invest in New Issues sold by such FINRA member must receive an initial positive affirmation of an investor's eligibility to participate in New Issues before such fund may allocate profits and losses from New Issues to such an investor or an account that is directly or indirectly controlled by such investor.<sup>31</sup></p> <p>Rule 5130 and Rule 5131 require that an investor's eligibility to participate in New Issues be reconfirmed by the FINRA member on an annual basis. Accordingly, many investment advisers ask those investors that have previously been classified as Restricted Persons or covered accounts whether their status has changed, to determine whether those investors would be eligible to participate in New Issues.</p>  |
| <p><b>What format is required for an annual verification?</b></p> | <p>Both FINRA Rule 5130 and Rule 5131 allow FINRA members to rely on representations from investment advisers that follow a "negative consent" process for annual verification of an investor's status. As such, an investment adviser may send a notice asking whether there has been any change in an investor's status. This notice may be provided together with a fund's annual report or other materials periodically sent to investors or in a separate mailing. Provided that an investor has not affirmatively reported a change in its status, the fund, and applicable FINRA members, are permitted to rely on existing information of a particular investor.</p> <p>Under Rule 5131, but not Rule 5130, FINRA members may rely on a written positive affirmation obtained within the previous 12 months from indirect beneficial owners. The previous positive affirmation must be from a person authorized to represent an account that does not look through to the beneficial owners of certain unaffiliated private funds invested in the account (e.g., a fund of funds), subject to certain conditions set forth in the Supplementary Materials to Rule 5131. Indirect beneficial owners cannot be control persons of (including those persons under common control with) the investment adviser.</p> |

## ERISA – Monitoring Ownership by Benefit Plan Investors

An investment adviser is subject to certain restrictions under the U.S. Employee Retirement Income Security Act of 1974 (ERISA), and will be considered an ERISA fiduciary, to the extent that a fund it manages includes "plan assets." A fund's assets may be considered plan assets if "Benefit Plan Investors" own 25% or more of the value of any class of equity interests in the fund. Therefore, an investment adviser to a fund will not become a fiduciary that is subject to ERISA if Benefit Plan Investors hold less than 25% of the value of each and every class of equity interest in that fund. It is noted that there are other possible ways for a fund to avoid "plan assets" status, although only satisfaction of the 25% threshold is discussed below.

There are no specific annual monitoring requirements under ERISA for reviewing whether a fund has become a "plan assets" entity that is subject to ERISA. However, a private investment fund that is not intended to be subject to ERISA may wish to periodically review ownership by Benefit Plan Investors to confirm that the fund has not become a "plan

<sup>31</sup> This is the case unless the fund's adviser is able to rely on certain exemptions that permit allocating a portion of the profits to Restricted Persons or covered accounts.

assets” fund. It is possible in some situations for a fund to operate as a “plan assets” fund, in which case the fund would need to comply with the full panoply of ERISA’s requirements.

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| <p><b>Who are “Benefit Plan Investors”?</b></p> | <p>“Benefit Plan Investors” include: (i) an “employee benefit plan” subject to Part 4 of Title I of ERISA; (ii) a “plan” to which Section 4975 (the prohibited transaction provisions) of the IRC applies; and (iii) entities the assets of which include “plan assets” for purposes of ERISA or Section 4975 of the IRC by reason of a plan’s investment in the entity or otherwise.</p> <p>Non-U.S. retirement plans, governmental plans and other plans that are not subject to Title I of ERISA or Section 4975 of the IRC are not Benefit Plan Investors.</p>   |
| <p><b>What testing must be performed?</b></p>   | <p>An investment adviser to a fund wishing to avoid becoming subject to ERISA should perform testing with respect to each class of equity interests in the fund to attempt to ensure that Benefit Plan Investors do not hold 25% or more of the value of any class of equity interests. In determining whether Benefit Plan Investor ownership reaches or exceeds the 25% threshold, the value of any equity interests in the fund held by any person that has discretionary authority or control with respect to the fund’s assets, or that provides investment advice for a fee, or any affiliate of such a person, will be disregarded (provided that such person is not a Benefit Plan Investor). Further, when an investor is an entity the assets of which include plan assets (described in clause (iii) above), such entity is considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by Benefit Plan Investors.</p> <p>In a fund-of-funds structure or a master-feeder structure, each level of the fund must be tested for compliance with the 25% threshold (although the consequences of meeting or exceeding the 25% threshold at the feeder level arguably may be relatively less significant in the case of certain fund structures).</p> |
| <p><b>When must testing be performed?</b></p>   | <p>A determination of whether Benefit Plan Investor ownership reaches or exceeds the 25% threshold must be made after each acquisition of an equity interest (which has also been interpreted to include each redemption of an interest) in the fund.</p> <p>To facilitate such testing, each investor should be required to represent whether it is a Benefit Plan Investor when making an initial investment (with some funds seeking continuing assurances from their investors). This may be accomplished through a Benefit Plan Investor questionnaire in a fund’s subscription agreement or application form.</p>  |

## CFTC and NFA Requirements

Commodity pool operators (CPOs) and commodity trading advisors (CTAs) that are registered with the U.S. Commodity Futures Trading Commission (CFTC) generally must become members of the National Futures Association (NFA) (NFA Members) and must: (i) file quarterly reports with the NFA; (ii) complete an annual self-examination; and (iii) complete an NFA “Annual Registration Update,” which includes submitting the firm’s NFA

Member Questionnaire (formerly known as the NFA's Annual Questionnaire) and paying certain fees and dues to the NFA.<sup>32</sup>

CPOs and CTAs that transact in or advise on trading virtual currency products (defined below) must answer certain questions in various locations on the NFA systems and ensure that their disclosure documents and marketing materials appropriately reflect this. In addition, CPOs and CTAs relying on certain exclusions or exemptions from registration must annually affirm the applicable exclusion or exemption with the NFA. Additionally, the NFA updated the Member Questionnaire in 2024 to include questions relating to third-party systems providers for back and middle office operations and additional questions related to direct and indirect digital asset derivatives and spot digital asset investments.

Further, any U.S. person or entity trading in OTC swaps must obtain and subsequently annually certify a legal entity identifier (LEI) to allow swap data recordkeeping and reporting by its swap dealers. Any entity trading in the CFTC-regulated futures and swaps markets may also be required to provide information to its futures commission merchants (FCMs) and swap dealers to fulfill CFTC "ownership and control reporting" requirements. Market participants holding "reportable positions" or owning a "volume threshold account" in certain futures and swaps will also be required to provide reports on their ownership, control and business activities to the CFTC on electronic CFTC Form 40 and CFTC Form 40S.

### ***CPO Quarterly Report: Form CPO-PQR and Form NFA-PQR***

CFTC Regulation 4.27 and NFA Compliance Rule 2-46 require a registered CPO to file quarterly certain risk-related reports on CFTC Form CPO-PQR and NFA-PQR relating to the CPO and each pool the CPO operates (with limited exceptions).

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| Who must file?          | CPOs registered with the CFTC, except those CPOs that are voluntarily registered.   |
| What needs to be filed? | CFTC Form CPO-PQR Parts 1 and 2, which consist of what was previously filed as CFTC Form CPO-PQR Schedule A and the Schedule of Investments, as well as certain additional information the NFA requests, such as two financial ratios related to CPOs' business: Total Revenue/Total Expenses and Current Assets/Current Liabilities. Note that CFTC Form CPO-PQR and NFA Form PQR have been aligned, so one filing meets both the CFTC and NFA requirements. |
| When are filings due?   | Within 60 days of each calendar quarter-end.<br><br>A \$200 late fee will be assessed by NFA for each business day the report is filed late.  |

<sup>32</sup> Any entity that (i) is the moving force behind the formation, promotion and operation of a commodity pool, (ii) solicits investments in the commodity pool and (iii) has the authority to hire (and to fire) the pool's CTA is required to register as a CPO with the CFTC, unless the entity qualifies for relief under an exclusion or exemption under the Commodity Exchange Act (CEA) or CFTC Regulations. In addition, an individual or organization that, for compensation or profit, engages in the business of advising others as to the value of, or the advisability of trading in, commodity futures contracts or commodity options, commodity swaps, futures, options or swaps on foreign currency exchange contracts or many other over-the-counter (OTC) derivatives must register with the CFTC as a CTA, unless the individual or organization qualifies for relief under an exemption or exclusion under the CEA or CFTC Regulations.

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| How are filings made? | Electronically using the NFA's EasyFile system. |
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### ***CTA Quarterly Report: Form CTA-PR and NFA PR***

CFTC Regulation 4.27 and NFA Compliance Rule 2-46 require that all CTAs file CFTC Form CTA-PR and NFA Form PR with the NFA. These forms provide the CFTC and NFA with general information about the CTA, its trading programs, the pool assets directed by the CTA and the identity of the CPOs that operate the pools. The forms consist of parts 1 and 2.

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| <b>Who must file?</b>          | CTAs registered with the CFTC, with some exceptions. There is no filing requirement for: non-discretionary CTAs; or CTAs not advising any client accounts (inactive CTAs); or CTAs advising commodity pools for which they serve as the registered or exempt CPO.   |
| <b>What needs to be filed?</b> | <p>Parts 1 and 2 of Form CTA-PR, as well as certain additional information the NFA requests, as applicable. Note that CFTC Form CTA-PR and NFA Form PR have been aligned, so one filing meets both the CFTC and NFA requirements.</p> <p>In addition, CTAs must provide two financial ratios related to their (versus their accounts') business: Total Revenue/Total Expenses and Current Assets/Current Liabilities. Dually-registered CPOs/CTAs file this information with CFTC Form CTA-PR or NFA Form PR, as those forms are filed each quarter in advance of CFTC Form CPO-PQR and NFA Form PQR.</p> |
| <b>When are filings due?</b>   | <p>Within 45 days of the end of each calendar quarter for registered CTAs that are NFA Members.</p> <p>A \$200 late fee will be assessed by NFA for each business day the report is filed late.</p>   |
| <b>How are filings made?</b>   | Electronically using the NFA's EasyFile system.   |

### ***NFA Annual Self-Examination Questionnaire***

NFA Compliance Rules 2-9, 2-36 and 2-39 impose continuing responsibilities on NFA Members to diligently supervise their employees and agents. As a general matter, the NFA allows its members to determine what constitutes "diligent supervision." However, the NFA believes all NFA Members should regularly review their supervisory procedures and requires that NFA Members complete an internal review of their supervisory procedures and certain records using the NFA's "Self-Examination Questionnaire."

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| <b>To whom does requirement apply?</b> | NFA Member CPOs and CTAs (including those that take advantage of CFTC Regulation 4.7).   |
| <b>What needs to be completed?</b>     | An appropriate representative of the CPO/CTA must review the firm's procedures and records using the Self-Examination Questionnaire and sign a written attestation |



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|  | stating that he or she has reviewed the firm's operations using the Self-Examination Questionnaire.  |
| Where is Questionnaire found?            | <a href="https://www.nfa.futures.org/NFA-compliance/publication-library/self-exam-questionnaire.HTML">https://www.nfa.futures.org/NFA-compliance/publication-library/self-exam-questionnaire.HTML</a>  |
| When must Self-Examination be completed? | Within 12 months of initial registration and then within 12 months of the last self-examination.   |
| What must CPO/CTA do with Questionnaire? | Keep the signed attestation as part of the CPO/CTA's records and, for the first two years, keep the copies in an easily accessible place. The attestation must be produced in connection with NFA exams. Although the completed questionnaire and related notes are not a record that is subject to recordkeeping rules applicable to CPOs and CTAs, in connection with NFA exams, the NFA may request copies of notes and/or self-examination questionnaires made in the course of completing the NFA Member's two most recent self-examinations. |

### ***NFA Member Questionnaire and Annual Registration Update***

NFA Registration Rule 204(d) requires that each NFA Member complete an Annual Registration Update each year on the anniversary of its registration with the NFA. The Annual Registration Update covers information about the NFA Member firm as well as its principals and associated persons. In addition, NFA Members must complete the NFA Member Questionnaire (Questionnaire) and pay certain fees and dues to the NFA. The failure to complete the Annual Registration Update will be deemed a request to withdraw registration from the NFA.

For NFA membership filings, membership renewals and material updates made after October 15, 2024, registered CPOs and registered CTAs will need to designate an individual who is both a registered associated person (AP) and NFA-listed Principal (AP/Principal) to review and submit the CPO/CTA's Questionnaire. As explained in Interpretive Notice 9082, "the individual responsible for reviewing, signing and submitting the Questionnaire and all updates should be sufficiently knowledgeable about a Member firm's ongoing business operations." An attestation "certifying that the answers and information provided are materially true, complete and accurate" must be completed when submitting the Questionnaire.

Effective October 15, 2024, certain NFA members will have to file the Questionnaire more frequently than annually:

- Semi-Annual Updates for Inactive Members.*** Effective October 15, 2024, NFA Compliance Rule 2-52(a) requires a Member to submit the Questionnaire on a more frequent basis if required by NFA. If requested by NFA, a Member must submit the Questionnaire, or specified portions, on a semi-annual basis within the time period required by NFA. As explained in Interpretive Notice 9082, for those NFA Members that answer "no" all questions about involvement in activities relating to commodity interest products, the NFA has determined that they are not conducting commodity interest business and, therefore, are "inactive" (an informal membership status). The NFA will require that inactive CPO/CTA NFA Member firms submit a Questionnaire every six months rather than only on an annual basis. Failure to submit the questionnaire within 30 days of a request by the NFA will be deemed a request to withdraw from NFA Membership.

- Prompt Updates for Material Business Changes.** Under NFA Compliance Rule 2-52(b), if there has been a material change to a CPO/CTA NFA Member firm's business operations that would make previously submitted Questionnaire responses inaccurate or incomplete, the firm must promptly update the applicable Questionnaire responses. In Interpretive Notice 9082, the NFA stated that it does "not intend to prescribe all of the events that may qualify as material" but rather "each Member is in the best position to determine what constitutes a material change in its operations based on the type, size and complexity of the Member's business."

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| <b>Who must complete an annual update?</b>     | All NFA Members. CPO/CTA NFA Member firms must designate an individual who is an AP/Principal to review and submit the CPO/CTA's Questionnaire.   |
| <b>What needs to be submitted?</b>             | A completed Annual Registration Update, the Questionnaire and the annual registration records maintenance fee of \$100 for each category of registration in addition to any other outstanding registration fees.  |
| <b>When are annual updates due?</b>            | Within 30 days of the anniversary of the NFA Member's registration with the NFA.  |
| <b>Who must complete a semi-annual update?</b> | Inactive CPO/CTA NFA Member firms must submit a Questionnaire every six months rather than only on an annual basis.   |
| <b>Who must complete a prompt update?</b>      | Any CPO/CTA NFA Member firm that has experienced a material change. If an inactive CPO/CTA NFA Member firm begins engaging in activities relating to commodity interest products, this would be considered a material change to the CPO/CTA NFA Member's business operations. |
| <b>How are updates made?</b>                   | Electronically through the NFA's Online Registration System.  |

### ***Annual Affirmation Process for Certain CPOs and CTAs Relying on Exemptions***

CPOs and CTAs that rely on an exclusion or exemption under CFTC Regulations 4.5, 4.13(a)(1), 4.13(a)(2), 4.13(a)(3) and 4.13(a)(5) and/or CFTC Regulation 4.14(a)(8) must annually affirm the applicable exclusion/exemption.

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| <b>Who must complete affirmation?</b> | Excluded or exempt CPOs relying on CFTC Regulations 4.5, 4.13(a)(1), 4.13(a)(2), 4.13(a)(3) and 4.13(a)(5) and exempt CTAs relying on CFTC Regulation 4.14(a)(8).   |
| <b>What needs to be done?</b>         | Affirm that the applicable exclusion or exemption continues to be effective. In addition, CPOs relying on CFTC Regulations 4.13(a)(1), 4.13(a)(2), 4.13(a)(3) and 4.13(a)(5) must represent that neither the CPO or any of its principals is subject to a Statutory Disqualification under CEA Section 8a(2). |
| <b>When are affirmations due?</b>     | Within 60 days of the calendar year-end.  |

**How are affirmations made?**

Electronically through the NFA Exemptions System.

## ***Assessing QEP Status of Pool Participants for CPOs and CTAs Relying on CFTC Regulation 4.7 Relief***

CFTC Regulation 4.7 provides exemptions from certain Part 4 compliance requirements regarding disclosure, periodic reporting and recordkeeping for registered CPOs and CTAs whose pool participants and/or advisory services are restricted to individuals and entities that qualify as qualified eligible persons (QEPs). The definition of QEP has two “classes,” one of which includes persons who must satisfy a Portfolio Requirement and the other of which includes persons who need not satisfy a Portfolio Requirement:

- **Non-Portfolio Requirement QEPs.** Under CFTC Regulation 4.7(a)(6)(i), the first class of investors and clients includes “qualified purchasers,” “knowledgeable employees” and “non-United States persons,” which need not meet the Portfolio Requirement to qualify as QEPs.
- **Portfolio Requirement QEPs.** Under CFTC Regulation 4.7(a)(6)(ii), a second class of investors and clients includes registered investment companies, private business development companies, banks and savings and loan associations trading for their own accounts, insurance companies, state pension plans, ERISA plans, non-profits, operating companies and individuals who are accredited investors, among others, which must meet the Portfolio Requirement to qualify as QEPs.

Effective November 25, 2024, with a compliance date of March 26, 2025, the CFTC is increasing the two thresholds in the Portfolio Requirement under CFTC Regulation 4.7(a)(5) from \$2 million to \$4 million for the securities portfolio test, and from \$200,000 to \$400,000 for the initial margin and premium test. The ability to meet the Portfolio Requirement through a mix of the securities portfolio test and the initial margin and premiums test will remain available using the new threshold dollar amounts. Existing pool participants and exempt account clients that met the pre-amendment QEP definition at the time of their initial investment or exempt account opening but would not meet the new QEP standard when it goes into effect would not be required to be redeemed or have their exempt account terminated, but they would not be permitted to make additional pool investments or open new exempt accounts.

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| <b>Who is impacted?</b>                                   | CPOs and CTAs relying on CFTC Regulation 4.7 for relief from certain disclosure, reporting, and recordkeeping requirements.  |
| <b>What needs to be done?</b>                             | Adjust processes for assessing the QEP status for both new and existing pool participants and advisory clients. For persons that must satisfy the Portfolio Requirement, the CPO or CTA must have the reasonable belief, at the time of sale of a pool participation in an exempt pool, or at the time that the person opens an exempt account, that the person satisfies the Portfolio Requirement. CPOs and CTAs must maintain books and records relating to the qualifications of QEPs. |
| <b>When must CPOs/CTAs comply with the new standards?</b> | CPOs and CTAs relying on CFTC Regulation 4.7 must comply with the new QEP standards by March 26, 2025.   |

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| <b>How do the new standards apply to existing pool participants and exempt account clients?</b> | There is no requirement to redeem pool participations or otherwise end advisory relationships. Existing pool participants that must meet Portfolio Requirement but do not satisfy the new standards must not be permitted to make additional pool investments or open new exempt accounts. |
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### ***Annual Certification of CICIs/LEIs***

CFTC Regulation 45.6 requires that every market participant (i.e., each fund or account managed by a CPO or CTA) that enters into OTC derivatives transactions have an LEI. An LEI is a reference code used by swap dealers and the CFTC to identify each legally distinct entity trading in swaps for reporting and recordkeeping purposes. Only organizations duly accredited by the Global Legal Entity Identifier Foundation (GLEIF) are authorized to issue LEIs.

Once a market participant has registered an entity for a LEI, the legal entity information must be certified annually.

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| <b>Who must complete certification?</b>     | Every entity with a LEI.   |
| <b>What needs to be done?</b>               | Information related to an entity record must be updated as necessary and certified to be accurate. |
| <b>When is maintenance required?</b>        | Within one year of the initial registration or last annual certification.                          |
| <b>How is annual maintenance completed?</b> | Electronically through an authorized LEI issuer.   |

### ***Ownership and Control Reports***

The CFTC requires FCMs and swap dealers to submit ownership and control (OCR) reports to the CFTC for certain of their clients/counterparties. Many FCMs and swap dealers have requested their CPO and CTA clients to provide this information for each fund or account under their management fund that is trading futures, options and specified physical commodity “paired swaps” and/or “swaptions,” in order to permit the FCMs and/or swap dealers to submit OCR reports to the CFTC regarding their clients’ accounts as required under the final rules.

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| <b>Who must report?</b> | CPOs/CTAs of funds or accounts trading (i) futures or options on U.S. reportable markets (designated contract markets or swap execution facilities) or (ii) “paired swaps” and/or “swaptions” where at least one counterparty is a U.S. person.  |
| <b>Definitions:</b>     | A “paired swap” is an open swap that is: (1) directly or indirectly linked, including being partially or fully settled on, or priced at a differential to, the price of any of the commodity futures contracts in CFTC Regulation 20.2; or (2) directly or indirectly linked, including being partially or fully settled on, or priced at a differential to, the price of the same commodity for delivery at the same location or locations. |

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|                               | A “swaption” is an option to enter into a swap or a swap that is an option.  |
| <b>What needs to be done?</b> | CPOs/CTAs of any relevant fund or account must provide required information through the OCR Portal, which is part of the FIA Tech System.                              |
| <b>When are filings due?</b>  | FCMs and swap dealers are requiring their clients/counterparties to provide ownership and control information on account opening and to update it on an ongoing basis. |

### ***CFTC Form 40 and CFTC Form 40S***

CFTC Regulation 18.04 requires that a trader that (i) owns, holds or controls a “reportable position” in exchange-traded futures and/or options or (ii) owns or controls a “volume threshold account” or “volume threshold sub-account” of exchange-traded futures and/or options file CFTC Form 40 upon a special call by the CFTC. Similarly, CFTC Regulation 20.5 requires that a trader that (i) owns, holds or controls a “reportable position” in paired swaps and/or swaptions or (ii) owns or controls a “volume threshold account” or “volume threshold sub-account” of paired swaps and/or swaptions file CFTC Form 40S upon a special call by the CFTC.

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| <b>Who must file?</b>          | Traders with reportable positions or that own or control volume threshold accounts or sub-accounts and receive a special call by the CFTC.  |
| <b>Definitions:</b>            | <p>With respect to exchange-traded futures and options, a “reportable position” is any open contract position that at the close of the market on any business day equals or exceeds the thresholds in CFTC Regulation 15.03, which sets forth specified limits for a number of commodities.</p> <p>With respect to paired swaps and swaptions, a “reportable position” is a position in any one futures equivalent month, comprised of 50 or more futures equivalent paired swaps or paired swaptions based on the same commodity underlying a futures contract listed in CFTC Regulation 20.2, grouped separately by swaps and swaptions, then grouped by gross long contracts on a futures equivalent basis or gross short contracts on a futures equivalent basis.</p> <p>A “volume threshold account” is a trading account that carries “reportable trading volume” on or subject to the rules of a reporting market that is a designated contract market (DCM) or swap execution facility (SEF). These accounts could include trading in futures, options on futures, swaps and any other product traded on or subject to the rules of a DCM or SEF.</p> <p>“Reportable trading volume” is defined as trading volume of 50 or more contracts, during a single trading day, on a single reporting market that is a DCM or SEF, in all instruments that such reporting market designates with the same product identifier.</p> |
| <b>What needs to be filed?</b> | CFTC Form 40 (for exchange-traded futures and/or options) or CFTC Form 40S (for paired swaps and/or swaptions).   |

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| <b>When are filings due?</b>    | As specified in the CFTC's special call.  |
| <b>How is filing completed?</b> | Submissions must be made electronically through the CFTC's web-based submission process at <a href="http://www.cftc.gov">www.cftc.gov</a> , through a secure FTP data feed to the CFTC or as otherwise instructed by the CFTC and updated on an ongoing basis as directed in the CFTC's special call. |

## Reporting of Cross-Border Holdings and Transactions by U.S. Persons

The U.S. Department of the Treasury (Treasury) and the Bureau of Economic Analysis (BEA), an agency in the U.S. Department of Commerce, conduct periodic surveys of the cross-border economic activity of U.S. persons for the purpose of collecting macroeconomic data for a variety of purposes, including the calculation of the U.S. balance of payments, the preparation of macroeconomic reports and the formulation of international financial and monetary policies. The surveys that may be relevant to investment advisers and the funds they manage fall into three broad categories:

- **Treasury International Capital (TIC) Forms.** The TIC Forms, which are issued by Treasury and collected by the Federal Reserve Bank of New York (FRBNY) as its collection agent, collect data on: U.S. reporters' holdings of foreign securities; foreign persons' holdings of U.S. reporters' securities; securities transactions between U.S. reporters and foreign persons; certain derivatives positions of U.S. reporters; and U.S. reporters' claims on, and liabilities to, foreign persons.
- **BEA Surveys.** The BEA Surveys collect data on: U.S. reporters' direct investment (defined below) in foreign persons; foreign persons' direct investment in U.S. reporters; and certain transactions in financial and other services (including investment advisory services) between U.S. reporters and foreign persons.
- **Treasury Foreign Currency (FC) Reports.** The FC Reports (FC-1, FC-2 & FC-3) gather data on foreign exchange positions and foreign currency-denominated assets and liabilities of U.S. reporters that are foreign exchange market participants.

The discussions below address the TIC Forms and BEA Surveys. Further information on the FC Reports is available upon request.

### TIC Forms

The TIC Forms require U.S. reporters meeting specified thresholds to file periodic reports on certain cross-border portfolio investments (defined below), derivatives positions and claims and liabilities.

|                       |  |
|-----------------------|--|
| <b>Who must file?</b> | <p>U.S. reporters (defined below).</p> <p>In most cases, U.S. reporters are required to file on a consolidated basis at the level of the top U.S. parent entity. However, some TIC Forms require certain types of business units (such as bank, broker-dealer and insurance underwriting subsidiaries) to file independently.</p> <p>In general, where U.S. funds have reporting obligations, it falls to the funds' investment adviser to prepare and file TIC Forms on an aggregated basis on behalf</p> |
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| <b>Definitions:</b> | <p>of all its U.S. clients, unless the funds' investment adviser has a U.S. parent entity that is required to file on a consolidated basis.</p> <p>The TIC Forms collect most data from large U.S. intermediaries (such as custodians) that are positioned to report on multiple U.S. clients.<sup>33</sup></p> <p>However, the reporting obligation for: (i) certain transactions, such as private placements and those effected directly through a foreign broker-dealer, (ii) claims on and liabilities to foreign persons and (iii) securities held by a foreign custodian, may be the responsibility of a fund or its investment adviser.</p> |
|                     | <p>"Portfolio investments" are broadly defined as holdings of non-voting securities or voting securities comprising less than 10% of an issuer's outstanding voting securities, and are contrasted with "direct investments," which are discussed below in connection with the BEA Surveys.</p> <p>"U.S. reporters" are U.S.-resident funds, investment managers and other financial institutions that meet a form's specified reporting thresholds.</p>   |

### *What needs to be filed, and with what frequency?*

| TIC Form                       | Core Coverage   | Threshold*   | Frequency  |
|--------------------------------|---|--|--|
| <b>TIC B Forms</b>             | Snapshot of cross-border claims and liabilities and holdings of short-term securities | BC, BL-1, BL-2, BQ-1, BQ-2: \$50 million in cross-border claims or liabilities (or \$25 million in claims or liabilities in an individual country)<br><br>BQ-3: total reported data for all geographic areas exceeds \$4 billion | Forms BC, BL-1, BL-2: monthly<br><br>Forms BQ-1, BQ-2, BQ-3: quarterly |
| <b>TIC Form D<sup>34</sup></b> | Snapshot of cross-border derivatives contracts and related net settlement payments    | (i) total notional value of the reporter's cross-border derivatives contracts for its own and its customers' accounts exceeds \$400 billion; OR<br><br>(ii) grand total net settlements exceeds \$400 million                    | Quarterly  |

<sup>33</sup> For example, foreign securities held by a U.S. custodian are generally reported on Forms BQ-1, SLT, SHC and SHCA by the custodian and not by the U.S. end-investor.

<sup>34</sup> Although an investment adviser must file TIC Form D if the aggregate notional value of its clients' cross-border derivatives contracts exceeds \$400 billion, it is only required to report such contracts where the investment adviser acted as counterparty or transacting party (e.g., as a broker-dealer) in entering the derivatives contract. Accordingly, as a practical matter, investment advisers rarely file TIC Form D.



| TIC Form             | Core Coverage   | Threshold*   | Frequency  |
|----------------------|---|--|--|
| <b>TIC Form SHC</b>  | Snapshot report of U.S. residents' holdings of foreign securities   | (i) total fair value of foreign securities with a foreign-resident custodian or with a U.S. or foreign-resident central securities depository is \$200 million or more; OR<br><br>(ii) reporter is notified by the FRBNY that filing is required | Benchmark survey every five years (next filing expected in 2027) |
| <b>TIC Form SHCA</b> | Snapshot report of U.S. residents' holdings of foreign securities   | Only required when notified by the FRBNY   | Annually   |
| <b>TIC Form SHL</b>  | Snapshot report of foreign residents' holdings of U.S. securities   | (i) total value of U.S. securities owned by foreign residents is \$200 million or more; OR<br><br>(ii) reporter is notified by the FRBNY that filing is required   | Benchmark survey every five years (next filing expected in 2029) |
| <b>TIC Form SHLA</b> | Snapshot report of foreign residents' holdings of U.S. securities   | Only required when notified by the FRBNY   | Annually   |
| <b>TIC Form SLT</b>  | U.S. holdings of foreign long-term securities and foreign holdings of U.S. long-term securities; purchases and sales of reportable securities; and changes in the fair value of reportable securities | \$1 billion in holdings of long-term securities  | Monthly  |

\* The threshold for each benchmark survey is based on the previous benchmark survey and is subject to change in the upcoming benchmark survey.

## BEA Surveys

BEA Surveys gather data on a variety of cross-border economic activity. The surveys most relevant to investment advisers and their clients collect data on cross-border direct investment (defined below) and international trade in financial services.

|                       |  |
|-----------------------|--|
| <b>Who must file?</b> | <p>U.S. persons that meet a survey's reporting threshold.</p> <p>In addition to reporting on behalf of the funds they manage, investment advisers should consider both their own transactions in financial services (e.g., investment advisory services they provide to foreign clients) and their corporate structures, which may give rise to reportable direct investment (for example, an investment</p> |
|-----------------------|--|

|                                   |   |
|-----------------------------------|---|
|                                   | adviser that has foreign subsidiaries or that is the subsidiary of a foreign parent may be required to file BEA Surveys relating to those relationships). It is also important to note that the BEA Surveys generally require consolidation of a limited partnership with its general partner (and a limited liability company with its managing member), which can impact the reporting obligations of an investment adviser that serves as general partner of a fund. |
| <b>When must filings be made?</b> | The BEA Surveys include benchmark surveys that are generally administered once every five years and are required of all U.S. persons that meet the specified reporting thresholds, as well as more frequent annual and quarterly surveys that are required only by reporters contacted by the BEA.  |
| <b>Definitions:</b>               | In contrast to “portfolio investments” (described above), “direct investments” are investments that establish ownership or control of 10% or more of an issuer’s securities and are intended to capture parent-subsidiary and other relationships in which an investor is able to exercise control or influence over an issuer.   |

### *What needs to be filed?*

| Survey        | Who Must Report*   | What Must Be Reported  | Frequency  |
|---------------|--|--|--|
| <b>BE-180</b> | U.S. persons that (i) had more than \$3 million in cross-border financial services transactions in the last fiscal year; OR<br><br>(ii) are contacted by the BEA | Payments and receipts for transactions in financial services with non-U.S. persons | Benchmark survey every five years (next filing expected in 2025) |
| <b>BE-185</b> | U.S. persons contacted by the BEA  | Payments and receipts for transactions in financial services with non-U.S. persons | Quarterly  |
| <b>BE-10</b>  | U.S. persons that: (i) control at least 10% of the outstanding voting securities of a non-U.S. person; OR<br><br>(ii) are contacted by the BEA                   | Direct investment abroad by U.S. persons   | Benchmark survey every five years (next filing expected in 2025) |
| <b>BE-11</b>  | U.S. persons contacted by the BEA  | Direct investment abroad by U.S. persons   | Annually   |
| <b>BE-577</b> | U.S. persons contacted by the BEA  | Direct investment abroad by U.S. persons   | Quarterly  |
| <b>BE-12</b>  | U.S. persons if (i) a non-U.S. person owns at least 10% of the   | Direct investment in U.S. persons by non-U.S. persons                              | Benchmark survey every five years                                |

| Survey        | Who Must Report*   | What Must Be Reported                                 | Frequency  |
|---------------|--|---|--|
|               | voting securities of the U.S. person; OR<br><br>(ii) they are contacted by the BEA           |   | (next filing expected in 2028)                           |
| <b>BE-15</b>  | U.S. persons contacted by the BEA  | Direct investment in U.S. persons by non-U.S. persons | Annually   |
| <b>BE-605</b> | U.S. persons contacted by the BEA  | Direct investment in U.S. persons by non-U.S. persons | Quarterly  |
| <b>BE-13</b>  | U.S. persons that received direct investment from a non-U.S. person in excess of \$3 million | Direct investment in U.S. persons by non-U.S. persons | Within 45 days of initial investment by non-U.S. persons |

\* The threshold for each benchmark survey is based on the previous benchmark survey and is subject to change in the upcoming benchmark survey.

## Investment Adviser Anti-Money Laundering Obligations

On August 28, 2024, the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN) issued a final rule (AML/CFT Final Rule) requiring certain investment advisers to (i) establish an anti-money laundering/counter-terrorism financing program (AML/CFT Program) and (ii) monitor for and file suspicious activity reports with FinCEN pursuant to the Bank Secrecy Act (BSA). The AML/CFT Final Rule represents the culmination of a two-decade long effort to apply AML obligations to investment advisers. Although the compliance date is not until January 1, 2026, investment advisers subject to the AML/CFT Final Rule should begin to calibrate existing programs or implement new programs to comply with the AML/CFT Final Rule.

### Who must comply?

"Investment advisers" subject to the AML/CFT Final Rule generally include SEC-registered investment advisers and exempt reporting advisers. The AML/CFT Final Rule, however, excludes SEC-registered investment advisers that: (i) register with the SEC only because they are (1) mid-sized advisers, (2) multi-state advisers, or (3) pension consultants, or (ii) do not report any assets under management on Form ADV. The AML/CFT Final Rule does not apply to advisers that are only registered at the state level.

In addition, for registered investment advisers or exempt reporting advisers that have a principal office and place of business outside the United States (foreign-located investment advisers), the AML/CFT Final Rule applies solely to foreign-located investment advisers' advisory activities that (i) take place within the United States (including through the adviser's U.S. personnel) or (ii) provide advisory services to a U.S. person or a foreign-located private fund with an investor that is a U.S. person.

## What are the required components of an AML/CFT Programs?

Covered investment advisers must adopt a reasonably designed, risk-based AML/CFT Program that, at a minimum:

- Establishes and implements internal policies, procedures and controls reasonably designed to prevent the adviser from being used for money laundering, terrorist financing and other illicit finance activities and to comply with applicable provisions of the BSA and implementing regulations;
- Provides for independent testing of the AML/CFT Program by the adviser's personnel or a qualified outside party;
- Designates a person or persons to be responsible for implementing and monitoring the internal policies, procedures and controls of the AML/CFT Program;
- Provides for ongoing training of appropriate persons;
- Provides for submission of certain reports based on suspicious activity or currency-related transactions, including:
  - Submitting suspicious activity reports for transactions valued \$5,000 or more that the adviser knows or suspects involve funds derived from illegal activity, have no business or apparent lawful purpose, or otherwise involve suspicious activity (with reports typically due within 30 days of identifying the potentially-suspicious behavior); and
  - Submitting currency transaction reports upon the receipt of more than \$10,000 in currency and certain negotiable instruments (with reports due within 15 days of the date of the transaction); and
- Implements appropriate risk-based procedures for conducting ongoing customer due diligence that includes:
  - Understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and
  - Conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

## By when must an AML/CFT Program be implemented?

Covered investment advisers must implement an AML/CFT Program and begin filing suspicious activity and currency transaction reports by January 1, 2026.<sup>35</sup>

<sup>35</sup> In a separate effort to address money laundering and counter-terrorism financing concerns, on May 13, 2024, FinCEN and the SEC jointly proposed a new rule that would require covered investment advisers to establish, document and maintain written Customer Identification Programs to verify the identified of their customers. The comment period for the proposed rule closed on July 22, 2024, but a final rule has not been issued as of the date of this update.

**Additional Information**

The AML/CFT Program must be approved in writing by a covered investment adviser's board of directors or trustees, or if it does not have a board, by its sole proprietor, general partner, trustee or other persons that have functions similar to a board of directors and are able to approve the AML/CFT Program. The AML/CFT Final Rule also allows covered investment advisers to delegate the implementation and operation of some or all aspects of their AML/CFT Programs to a third party, such as a fund administrator, if certain criteria are met. The covered investment adviser still, however, would remain fully responsible and legally liable for compliance with the requirements of the AML/CFT Final Rule.

## Compliance Obligations Under Recent Amendments to Regulation S-P

Beginning in December 2025, SEC-registered investment advisers will need to comply with the SEC's recent amendments to Regulation S-P (Reg S-P). The amendments revise Reg S-P's existing requirements on the delivery of privacy notices, the safeguarding of customer information and the disposal of customer information, most of which have been in effect since 2004. Specifically, the amendments will, among other things, require registered investment advisers to: (i) implement an incident response program, including written policies and procedures; (ii) provide notice to individuals if their sensitive customer information was, or is reasonably likely to have been, accessed or used without authorization, such as in the case of a data breach; and (iii) monitor service providers and require them to notify the adviser of an cybersecurity incident within 72 hours.<sup>36</sup> The amendments also include an exception to the annual privacy notice delivery requirement if an adviser meets certain criteria.

**What does Reg S-P currently require?**

Reg S-P currently requires SEC-registered investment advisers to: (i) deliver initial and annual privacy notices to individual consumers and customer; (ii) limit the reuse and redisclosure of nonpublic personal information; (iii) adopt written policies and procedures to (a) ensure the security and confidentiality of customer records and information; (b) protect against any anticipated threats or hazards to the security or integrity of such records; and (c) protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer (Safeguards Rule); and (iv) properly dispose of "consumer report information," defined by reference to the Fair Credit Reporting Act and meaning "any record about an individual, whether in paper, electronic or other form, that is a consumer report or is derived from a consumer report" (Disposal Rule).

<sup>36</sup> The amendments will also require advisers to safeguard a broader class of "customer information," which will be defined to mean "any record containing 'nonpublic personal information' . . . about a customer of a financial institution, whether in paper, electronic, or other form." A customer is an individual natural person to whom an adviser provides a financial product or service that is to be used primarily for personal, family or household purposes and with whom the adviser has a "customer" relationship. The amendments also clarify that "customer information" includes information that is in the possession of an adviser as well as information that is handled or maintained on its behalf, and expand the concept of customer information to include information received directly from individuals with whom an adviser has a relationship, as well as the information of customers of other financial institutions that has been provided to the adviser. The amendments also modify the Disposal Rule (defined below) to require the adoption of written policies and procedures related to the proper disposal of customer information and consumer report information. Further, advisers will be required to maintain written records documenting compliance with certain Reg S-P requirements.

|  |  |
|--|--|
| <b>What are the new incident response program requirements?</b>                | <p>The amendments require advisers to adopt a written incident response program that contains policies and procedures “reasonably designed to detect, respond to, and recover from both unauthorized access to and unauthorized use of customer information”—referred to as an “incident.”</p> <p>At a minimum, the amendments require that the adviser’s written policies and procedures include processes to: (i) assess the nature and scope of the incident; (ii) take measures to control and contain the incident and prevent further unauthorized access to customer information; and (iii) notify each individual whose information was subject to the incident.</p> |
| <b>What are the new data breach notification requirements?</b>                 | <p>Advisers must notify each individual whose sensitive customer information was, or was reasonably likely to have been, accessed or used without authorization, unless the adviser has determined, after a reasonable investigation, that the information is not likely to result in substantial harm or inconvenience. This notification requirement is in addition to—and not in place of—other notification obligations the adviser may have under state, federal, and/or international law.</p>   |
| <b>What is the timing for and means of data breach notification?</b>           | <p>Notices to affected individuals must be clear and conspicuous and provided through a means designed to ensure that an affected individual receives actual written notice of the incident. With respect to timing, notice must be provided as soon as practicable, but no later than 30 days after the adviser becomes aware that unauthorized access to or use of customer information has, or is reasonably likely to have, occurred.</p>  |
| <b>What are the new vendor management requirements?</b>                        | <p>The amendments require advisers to develop and enforce written policies and procedures to require oversight and monitoring of service providers. This includes ensuring that the requisite notice of a data breach is provided to consumers, whether by providing such notice itself or by making sure that it is given by its service providers. Service providers are also required to provide notice to an adviser within 72 hours of the service provider becoming aware of an incident. We expect advisers to adopt and implement comprehensive vendor management programs and review those they already have in place.</p>  |
| <b>Do service provider agreements need to be amended?</b>                      | <p>We expect advisers will review and revise their existing agreements with service providers that have access to nonpublic personal information and customer information to ensure they contain provisions requiring the service provider to, among other things, comply with applicable legal requirements, appropriately safeguard and dispose of customer information, and timely notify the adviser of cybersecurity incidents. We anticipate such agreement revisions to also allow for ongoing monitoring of the service provider by the adviser.</p>   |
| <b>What are the impacts to the annual privacy notice delivery requirement?</b> | <p>The amendments provide an exception to the annual privacy notice required by Reg S-P. This change aligns Reg S-P with amendments to the Gramm Leach Bliley Act (GLBA) made by the Fixing America's Surface Transportation Act (FAST Act) which was adopted by Congress in 2015.</p>   |

|                                       |  |
|---------------------------------------|--|
|                                       | <p>Pursuant to the amendments to Reg S-P, an adviser need not provide an annual privacy notice if: (i) the adviser only provides non-public personal information to non-affiliated third parties when an exception to Reg S-P applies; and (ii) the adviser has not changed its policies and practices with respect to disclosing non-public personal information to non-affiliated third parties since the time it last delivered a privacy notice.</p> <p>As a general matter, the amendments also provide that an adviser must resume providing annual privacy notices within 100 days of any change in its pertinent policies and practices. There are also certain instances in which revised privacy notices are required to be sent immediately. For example, if the change in policies and practices will also result in the adviser being required to send a revised privacy notice under the current requirements, the revised notice will be treated as an initial notice for the purpose of the timing requirement and the adviser will be required to resume notices at the same time it otherwise provides annual privacy notices.</p> |
| <b>What are the compliance dates?</b> | <p>Larger entities must comply beginning on December 3, 2025, and small entities will have until June 1, 2026 to comply. An adviser is a "larger entity" if it has \$1.5 billion or more in assets under management.</p>   |



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*\*The authors would like to thank Dale C. Beggs, Meagan Cox, Phillip Garber, Lindsay R. Grossman, Katherine Hurley, Michael A. James, Yanyu Mao, Michael McGrail, David E. Miller, Daniel T. Murdock, Jennifer O'Brien, Emily Parks, Louis Rosenbaum and Olivia R. Sedita for their contributions to this OnPoint.*

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