



KRFS INFO SUMMARY

Form PF Reporting Services

The Securities and Exchange Commission (SEC) voted unanimously on October 26, 2011 to adopt a new rule requiring certain advisors to hedge funds and private equity funds to report information for use by the Financial Stability Oversight Council (FSOC) in monitoring risks to the U.S. financial system. This information summary discusses the key provisions of the rule and how Kaufman Rossin Fund Services (KRFS) will help our clients meet the filing requirements of Form PF.

The final version of the Form PF can be found at: <http://www.sec.gov/rules/final/2011/ia-3308-formpf.pdf>.

What is Form PF and what is its purpose?

Form PF is a US regulatory filing requirement for SEC-registered investment advisers of private funds. Its primary purpose is to gather information to assist the Financial Stability Oversight Council (FSOC) in its assessment and monitoring of systemic risk in the U.S. financial system. The SEC and the CFTC may also use Form PF to support examination and enforcement activities.

Is my company required to file Form PF?

The rule requires SEC-registered investment advisers with at least \$150 million in regulatory assets under management (RAUM) attributable to hedge funds to periodically file Form PF.

What is the required timing and frequency of Form PF filings?

Private fund advisers are divided by size into two broad groups – large advisers and smaller advisers. The timing and the frequency of reporting depends on the group to which the adviser belongs.

Large advisers are: Advisers with at least \$1.5 billion in RAUM attributable to hedge funds; Liquidity fund advisers with at least \$1 billion in combined RAUM attributable to liquidity funds and registered money market funds; or advisers with at least \$2 billion in RAUM attributable to private equity funds. All other respondents are considered smaller advisers.

Smaller private fund advisers must file Form PF only once a year within 120 days of the end of the fiscal year. The frequency and timing for large advisers depends on the type of private fund the adviser manages. Large hedge fund advisers must file Form PF within 60 days of the end of each fiscal quarter. Large liquidity fund advisers must file Form PF within 15 days of the end of each fiscal quarter. Large private equity fund advisers must file Form PF annually within 120 days of the end of the fiscal year.

The information contained herein is current as November 14, 2011. It is based upon information provided by the Commodity Futures Trading Commission and Securities and Exchange Commission regarding Form PF as the rule existed at that time, and is subject to change as more detail on the Form PF rule is published. This information should not be construed as legal advice or legal opinions, and clients and prospective clients should consult with their own counsel on the implications of these and any other regulatory requirements as they apply to each individual situation.

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What are the initial filing deadlines for Form PF?

There will be a two-stage phase-in period for compliance with Form PF filing requirements. Most private fund advisers will be required to begin filing Form PF following the end of their first fiscal year or fiscal quarter, as applicable, to end on or after Dec. 15, 2012. Those with \$5 billion or more in private fund assets must begin filing Form PF following the end of their first fiscal year or fiscal quarter, as applicable, to end on or after June 15, 2012.

What type of information will be reported on Form PF?

The amount of information depends on the group to which the adviser belongs, i.e. small or large advisor and generally includes size, leverage, investor types and concentration, liquidity, and fund performance. Smaller advisers managing hedge funds must report information about fund strategy, counterparty credit risk, and use of trading and clearing mechanisms.

Large hedge fund advisers must also report on an aggregated basis information regarding exposures by asset class, geographical concentration, and turnover by asset class. In addition, for each managed hedge fund having a net asset value of at least \$500 million, these advisers are required to report certain information relating to that fund's exposures, leverage, risk profile, and liquidity. Large liquidity and private equity advisers may have additional reporting requirements.

How will KRFS help its clients meet the requirements of Form PF?

In the ordinary course of its business, fund administrators should maintain the majority of the core data required by Form PF. This data includes, but is not limited to, security positions, derivative positions, leverage, counterparty exposure and beneficial ownership. Although administrators may maintain this data, many do not have the resources and or systems to address the primary challenge of Form PF, the classification and aggregation of the data. Simply put, Form PF is a much different challenge than processing portfolio transactions and calculating a net asset value.

In this regard, KRFS has invested considerable time and resources in understanding Form PF and building the necessary tools. One significant advantage for KRFS and its clients is KRFS LIVE™, a proprietary system which surrounds our primary accounting applications: Advent Geneva, Advent Partner and Private Equity Office. Not only does this system provide business intelligence, workflow, reporting and investor services processing, it also provides for enhanced classification and aggregation functionality. Combined with our experienced personnel, this tool represents our Form PF Reporting Services. It will help our clients meet their filing requirements while reducing the burden on their operational infrastructure.

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