

Apr. 24, 2025

Form PF

Challenges of the Amended Form PF June 12, 2025, Compliance Deadline

By Michael Washburn, *Hedge Fund Law Report*

The amendments to Form PF that the SEC and CFTC jointly issued on February 8, 2024, mandated significantly more granular reporting from hedge fund managers with respect to a number of key operational features, such as the risk exposures and positions of large funds; disaggregated fund data; trading vehicles; withdrawal rights; and digital assets, among other areas. These **amended requirements** were originally set to take effect as of March 12, 2025, but in January 2025, the SEC and CFTC extended the compliance deadline three months to June 12, 2025.

Although welcome to many in the industry, this extension is a notably smaller concession than the September 12, 2025, deadline that some sought. Even with the extension, and the SEC's publication of **FAQs** to address some of the most common questions that fund managers have about the new requirements, assembling and presenting all the information requested on the amended Form PF in a timely manner poses significant operational, technical and project management challenges for many filers. This article examines why an extension of the original compliance deadline was needed; delves into those aspects of the amended form that have proven especially complex or problematic for fund managers and why; looks at the role of third-party administrators in compliance efforts; and considers the possibility that regulators might repeal some or all of the new filing requirements under a more pro-business presidential administration.

For more information on the Form PF amendments, see our two-part series: “**Third Round of Form PF Amendments Focuses on Granular Hedge Fund Data**” (Jun. 6, 2024); and “**Key Takeaways From the Latest Round of Form PF Amendments**” (Jun. 20, 2024).

Need for an Extension

The amended requirements imposed such heavy demands that industry groups responded with an extension request that went far beyond what the regulators ultimately granted in January. On December 13, 2024, the American Investment Management Association (AIMA), the Managed Funds Association, the Investment Adviser Association and the Asset Management Group of the Securities Industry and Financial Markets Association submitted a joint request to the SEC and CFTC for an

extension of the compliance deadline to September 12, 2025, with June 12, 2025, as a fallback deadline, citing the lack of finalization of the XML schema on the new form and continuing need for clarity around a number of requirements.

The industry groups' stance is consistent with what legal experts who work in the investment management compliance space say is the reality for many, if not all, of the clients they advise. Many of them concur that more time is needed.

"Yes, the extension was necessary. The reporting requirements had not been finalized when the extension was granted, and, given the short amount of time remaining, it would have been extraordinarily difficult for most large hedge fund managers and their service providers to meet the deadline," **Ruth Delaney**, a partner at K&L Gates, told the Hedge Fund Law Report.

The challenges were both technical and operational in nature, Delaney explained. "The XML form that would have needed to be filed was not ready, and there was simply inadequate time for filers to conduct test filings and to practice filling out the forms themselves," she said. "This was one of the main concerns raised by a lot of impacted industry participants, given how complex the questions are and the interrelatedness of many of the questions and fields in Form PF, without actually having an environment to test their responses."

It is possible that regulators may end up granting further extensions, Delaney added, noting that final updates to the XML schema were expected to be ready by mid-March^[1].

A Reasonable Concession

The pushback of the deadline was reasonable, concurred Scott Moss, partner and chair of the fund & regulatory compliance practice at Lowenstein Sandler. The SEC is largely at fault for the difficulties many filers have faced, he said.

"If you put enough resources into something, you can get ready sooner rather than later. But the SEC was slow to give specific guidance. It updated several FAQs on Form PF in December 2024, but it was slow to actually upload the new form," Moss told the Hedge Fund Law Report.

The lack of clear guidance from the SEC compounded operational challenges that were all but certain to arise in the gathering and presentation of such copious data, Moss suggested. He cited his experience as a member of an AIMA working group that held weekly sessions during which members voiced a number of comments on the difficulties they had encountered in using the new form.

"Aside from what everybody would have to do in mapping out the changes, figuring out how to get the data, working with their administrators and giving the administrators time to reorganize new systems, they didn't know what the SEC thought they should be doing on specific questions," Moss observed. "And they couldn't really look at the new form – in a format they would actually file – until the new year."

The industry groups that petitioned the SEC and CFTC did an admirable job of spelling out their concerns, in the view of Christopher Mendez, senior counsel at Crowell & Moring. The fact that they sought an extension until September 2025 gives a fair idea of the scale of the tasks fund managers

face, according to Mendez. “Having this June 12 extension, and being able to get at least three more months, will certainly put managers in a much better position to get everything they need, in an orderly fashion, from all the key stakeholders – mitigating interpretation risk and documenting the positions that they’re taking,” he asserted.

“Then, more importantly, there’s the technology and data component. The biggest challenge there is pulling data from multiple sources – fund administrators; risk systems; trade desks; and finance and compliance teams – getting all that data in the right format and ensuring its accuracy. It’s a massive lift,” Mendez added.

Multiple Compliance Burdens

Overlapping compliance and reporting deadlines (some subsequently vacated or extended) further added to the difficulties of fund managers’ having everything ready by March 12, 2025, Mendez noted. Among the deadlines that fund managers had to juggle were compliance with:

- the [Private Fund Advisers Rules](#) (PFAR);
- Rule 13f-2; and
- fiscal quarterly Form ADV filings.

Making things all the more challenging for many filers, Mendez observed, numerous fund managers had devoted large amounts of time in 2024 to trying to comply with the PFAR, which were subsequently [vacated](#) in a June 5, 2024, ruling. Nonetheless, the compliance and legal efforts still ate into time that managers needed to comply with the Form PF amendments, he said.

“Many had spent the good part of a year preparing for the PFAR, especially the larger, complex platforms. They had spent a lot of time, energy, resources and workstreams on updating policies and procedures in anticipation of the PFAR – and then that did not happen,” Mendez said.

See [“Dissecting the Fifth Circuit’s Vacatur of the Private Fund Adviser Rules and Its Implications”](#) (Jul. 18, 2024).

Compliance with Rule 13f-2, which the SEC adopted on October 13, 2023, with a view to making data around short sales more publicly available, has also required extensive changes to policies and procedures, adding to the compliance burden of many fund managers, Mendez said. Filings were originally due by February 14, 2025, but the SEC granted an exemption for some managers until February 2026.

See [“SEC’s Proposed Short-Sale Rules Increase Transparency Into Large Short Positions”](#) (Mar. 31, 2022).

Many fund managers are also juggling Form ADV filing deadlines that fall within 90 days of the end of their fiscal year, Mendez added. All these factors combine to place a huge compliance burden on funds, which the SEC should try to ameliorate with further and more detailed guidance.

See [“Practical Guidance for Fund Managers on Filing Their Annual Amendments to Forms ADV”](#) (Mar. 14, 2019).

“We were hoping and expecting – well, hoping is probably a better word – to see some more guidance come out from the SEC, possibly in the form of another FAQ, discussing some of the interpretive issues and the timing. We haven’t seen that, but the extension is certainly welcome news,” said Mendez.

Challenges of the Amended Form

Although the sheer scale of the logistical and operational tasks of providing all the data requested on Form PF can be daunting, the attorneys the Hedge Fund Law Report spoke with identified a few sections of the form as generating heavy volumes of questions from concerned clients.

Question 33

One of the most significant changes to Form PF, from the point of view of hedge funds with exposures to foreign currencies and derivatives, is an amendment to Section 2 that requires greater specificity under Question 33. Fund managers must report:

- the long net and short value of a fund’s currency exposure to foreign exchange derivatives;
- assets and liabilities in currencies other than the fund’s native, or “base,” currency; and
- each currency to which the fund has dollar value exposure equal to five percent of its net asset value or \$1 billion.

In theory, this requirement will give regulators more granular data on risk arising from indirect exposure to foreign currencies and markets.

In recognition of the complexity of the data involved, and the added burden that these requirements may place on some filers, the SEC included an instruction that it is permissible to include data that “best represents” the indirect investment currency exposure, but the inclusion of this language has not put all concerns to rest. “I have seen a number of inquiries on indirect exposure,” said Moss. “But if you have indirect exposure to a currency through another fund, it can be difficult to determine the exact currency exposure of the other fund.”

A number of clients’ questions have to do with what constitutes a good-faith estimate, Moss explained. For example, if a fund invests into a Japanese fund whose base currency is the Japanese yen (JPY), some filers want to know whether it is permissible to list the entire fund investment in JPY, even though the fund’s investments might also entail some smaller, additional exposure to other currencies, he shared. The filers are sometimes unsure whether listing the investment as pegged to JPY qualifies as a good-faith estimate in such cases.

“If you don’t have better information, then that would be an adequate proxy for a good-faith estimate,” opined Moss. “If you have exact information, then you need to give it. But if it’s a third-party fund, then you may not have exact information.”

In such cases, Question 4 is the filer’s friend, advised Moss. This question explicitly gives the filer space to explain any assumptions that may have gone into answering questions on Form PF. Of course,

that does not mean that filers are free to make things up as they go along, he clarified.

The general instructions for Form PF state that it is permissible for filers to use their own internal methodologies and the conventions of their service providers when answering questions. But the instructions include the caveat that any information given must be consistent with information reported internally and provided to current or prospective investors. Moreover, the instructions state that “your methodologies must be consistently applied and your responses must be consistent with any other instructions or guidance relating to this Form.”

“Assumptions must be in addition to, or reasonably follow from, any instructions or other guidance relating to Form PF,” Moss explained. “If the filer is aware of any instructions or guidance that might require a different assumption, the filer should provide a citation and explain why that assumption is not appropriate for this purpose.”

Questions 25 and 49

The amended form seeks more granular information about hedge funds’ investment strategies. Under Question 25 (amended from Question 20), advisers must select, from a drop-down menu, which strategy best describes that of their fund on the last day of the reporting period. This is a change from past versions of the form that allowed them to identify a strategy over a broader chronological range, up to and including the entire reporting period.

Under the structure of the amended form, information provided in response to Question 25 will also inform answers given to Question 49, which asks for investment performance figures broken down by strategy. The experts interviewed by the Hedge Fund Law Report said that they routinely get questions about both these items, which may compel fund managers to identify a strategy that they do not feel corresponds exactly with the one they follow.

“Question 25 is one of the questions that poses some interpretation risk,” said Mendez, a view with which Moss concurred. “If you don’t report results to investors in the category that is used in Question 25 – such as multi-strategy, for example – there’s an issue of how to respond to Question 49,” said Moss. Answering these questions is another instance in which filers may rely on Question 4 to explain the rhyme and reason of their answers to the regulators and establish their good faith in answering all questions to the best of their ability.

Section 1(b): Trading Vehicles

The amended form includes changes to Section 1(b), requiring advisers to report trading vehicles, which the SEC defines as separate legal entities used to hold assets, incur leverage, and/or conduct trading. Filers must also report the manner in which they use trading vehicles, as well as the exposure risk and position sizes of such vehicles.

This new requirement has given rise to questions from clients, acknowledged Elise Gray, head of CFO Support Services at IQ-EQ, a global investor services provider. “It has definitely added more wrinkles to Form PF, as far as the reporting goes,” she told the Hedge Fund Law Report. Complexity can come

into the picture in those instances in which a trading vehicle is a co-investment shared with other fund managers. In such cases, Form PF requires managers to divulge the pro rata portion of their exposure.

Section 1(c): Digital Assets

The amended form also incorporates changes to Section 1(c), which requires filers to report their use of digital assets as an investment strategy. The experts have received a fair number of questions about this change, as well.

Although the amended form may seek more granularity around the use of digital assets, it really introduces a change to the format, as opposed to the type, of information supplied, according to Gray. “We have clients who have been managing digital assets in their portfolios for several years, and I don’t anticipate many changes to their approach,” she observed. “The revision, however, has provided a section specifically dedicated to digital assets, whereas, in the old form, those investments were bucketed as ‘other,’ which needed further disclosure in Question 4.”

See [“Study Finds Increasing Hedge Fund Interest in Digital Assets”](#) (Mar. 13, 2025).

Section 5: Filing of “Current Reports”

Large hedge fund advisers – those with more than \$500 million in assets under management – are subject to a requirement under Section 5 to file a so-called “current report” of certain significant events as soon as possible and no later than 72 hours after the events happen. This requirement has sparked concerns, Mendez said.

At an annual SEC compliance outreach event in the fall of 2024, one participant outlined a scenario in which compliance with this requirement would be quite hard, Mendez recalled. The hypothetical involved an IT outage taking place on a Thursday or Friday morning. Under the requirement, full reporting of all relevant data would have to occur by Sunday.

“So, now you’re trying to marshal resources, make a determination and consult with advisers. It’s quickly evolving, and you may not have all the facts,” Mendez observed. “The reporting must be done at the fund level, not the adviser level. Now you have to go into the system and input the data from each underlying fund.” He added, “When you think about it from that perspective, and some of the interpretive risk issues, it just becomes very challenging and burdensome.”

See [“CrowdStrike Outage: A Test of Form PF Current Report Procedures”](#) (Aug. 29, 2024); as well as our two-part series on Form PF current reports: [“Monitoring for Trigger Events”](#) (Feb. 29, 2024); and [“Reporting Trigger Events”](#) (Mar. 14, 2024).

Section 5-3, Item C: Margin, Collateral or Equivalent Increase

Under Item C in Section 5-3, filers must report increases over a ten-day period of 20 percent or greater in the total value of a fund’s margin, collateral or the equivalent. Mendez shared that some

vagueness in the language here has prompted filers to ask whether reporting for the 20-percent-or-greater increase should be based on total posted margin, including voluntarily over-posting, or only required margin.

“The adopting release references ‘margin requirements,’ but Section 5 uses the term ‘posted,’ which suggests a broader standard,” Mendez said. “I’m advising clients to default to reporting based on total posted margin, to align with the form’s language and the SEC’s focus on liquidity risk.”

General Instruction 7/Question 10: Feeder Funds and Funds of Funds

General Instruction 7 of the amended form includes changes with regard to the reporting, under Question 10, of each component fund in a master-feeder arrangement and the value of investments in other private funds, which is used to determine whether an adviser must file Form PF and whether its fund counts as a large hedge fund.

“For fund of fund advisers, the new form is asking them to ‘look through’ the portfolios of the managers that they invest with as it relates to certain questions in Section 2,” said Gray. “This is an almost impossible request because of the lack of transparency. An underlying fund manager is not going to provide you with a detailed schedule of investments, listing out every investment in their portfolio.” Fund of fund managers will need to explain this reality, and their good-faith estimates, under Question 4, she recommended.

Third-Party Administrators

Given the sheer scale of the filing burden, many fund managers are broadly leveraging the expertise and resources of third-party administrators, legal and compliance experts said.

A lot of managers that outsource the Form PF filing are relying on third-party administrators and compliance providers to make the final determinations of how the filing is to be presented, Gray noted. “There are also a large number of managers that have the resources in place to complete the filing in-house,” she added.

The technological challenges are a primary focus, and some managers have been tracking funds internally for so long in a different way from the format in which the amended form requests information that they have little choice but to turn to outsiders for help, Delaney agreed. “Managers have been required to develop new systems for gathering and compiling information. There need to be, in many cases, system changes implemented to capture the relevant data, and, depending on how complicated some structures are, it can be a heavy lift,” she said.

“Much of the data that you need in filing will emanate from your fund administrator and service providers. You’re certainly going to lean on legal counsel, as well as compliance professionals, for guidance on interpretive issues,” concurred Mendez. “So, I don’t think you have much of a choice. You need the support. It’s not a form that you can fill out in a silo.”

Legal and compliance staff of private fund managers are under a lot of pressure to get things right, and, obviously, no one wants to be on the hook for reporting failures, Mendez observed. “It’s the same for fund administrators. It can be very overwhelming,” he added.

Some of the smaller funds, with fewer and simpler investing strategies, do not use third-party administrators, Moss conceded. But when it comes to larger, liquid-trading hedge fund clients, he said he could not think of a single one that does not use such an administrator.

Possibility of a Rollback of Changes

Incoming SEC Chair Paul S. Atkins has criticized overregulation in the financial sector and has specifically **called attention** to issues with Form PF, which he described as “unprecedented in its breadth and scope.” Although many in the industry may hope for a lighter regulatory touch under Atkins, it would be premature to expect a rollback of the new Form PF requirements, the experts concurred.

Although Atkins may hold a regulatory philosophy entirely at odds with that of former SEC Chair Gary Gensler, any changes to Form PF must still go through a lengthy rulemaking process, with a comment period, Mendez cautioned. The immediate burden is still in place, he warned.

“It’s not a secret. Atkins is known for his pro-business stance, pushing back against what he perceives to be heavy-handed SEC rulemaking. That said, you still have to operate within the Dodd-Frank mandate,” noted Mendez.

Questions from clients about a possible Form PF rollback are common, agreed Moss. It is easy for regulators to reverse course in some cases, as in the SEC’s withdrawal of the appeal of the vacated Dealer Rule. Whether people like it or not, Form PF is past that stage, however.

“Form PF is final, and I wouldn’t expect the SEC to just get rid of the new updates. Push it back more, maybe,” Moss said. He added that he anticipates yet another possibility – regulators collect information via the amended Form PF but seldom use it as a basis for examinations or enforcement actions. “Even if they let the new Form PF stand, they may just simply have a more limited use for the data. This would still be consistent with the policies the new administration has established,” he commented.

See “**What’s Next for the SEC and CFTC? A Look at the Latest Reg Flex Agendas**” (Aug. 15, 2024).

^[1] As of April 16, 2025, the SEC has not released such updates.