SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for Form PF and Rule 204(b)-1

A. JUSTIFICATION

1. Necessity for the Information Collection

Form PF [17 CFR 279.9] and rule 204(b)-1 [17 CFR 275.204(b)-1] under the Investment Advisers Act of 1940 ("Advisers Act") (together, the "rules") require certain investment advisers registered with the Securities and Exchange Commission ("SEC") to report confidential information about the private funds they advise. The rules implement provisions of Title IV of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which amended the Advisers Act to require the SEC to, among other things, establish reporting requirements for advisers to private funds.[1] The information collected on Form PF is designed to facilitate the Financial Stability Oversight Council's ("FSOC") monitoring of systemic risk in the private fund industry and assist FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies.[2] The SEC and the Commodity Futures Trading Commission ("CFTC") also may use information collected on Form PF in their regulatory programs, including examinations, investigations, and investor protection efforts relating to private fund advisers.[3] Form PF is a joint form between the SEC and the CFTC with respect to sections 1 and 2; the SEC solely adopted the other sections of the form.[4]

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[1] *See* 15 U.S.C. 80b-4(b) and 15 U.S.C. 80b-11(e).

[2] *See* Form PF.

[3] *Id.*

[4] *See* 15 U.S.C. 80b-11(e).

The rules contain a "collection of information" within the meaning of the Paperwork Reduction Act of 1995 ("PRA").[5] The title for the collection of information is "Form PF and Rule 204(b)-1" (OMB Control Number 3235-0679), and includes both Form PF and rule 204(b)-1. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Compliance with the information collection is mandatory.

The respondents are investment advisers who are (1) registered or required to be registered under Advisers Act section 203, (2) advise one or more private funds, and (3) managed private fund assets of at least $150 million at the end of their most recently completed fiscal year (collectively, with their related persons).[6] Form PF divides respondents into groups based on their size and types of private funds they manage, requiring some groups to file more information more frequently than others. The types of respondents are (1) smaller private fund advisers, that report annually (*i.e.*, private fund advisers that do not qualify as large private fund advisers), (2) large hedge fund advisers, that report more information quarterly (*i.e.*, advisers with at least $1.5 billion in hedge fund assets under management), (3) large liquidity fund advisers, that report more information quarterly (*i.e.*, advisers that manage liquidity funds and have at least $1 billion in combined money market and liquidity fund assets under management), and (4) large private equity advisers, that report more information annually (*i.e.*, currently defined as advisers with at least $2 billion in private equity fund assets under management, but as discussed below, the SEC proposes to lower this threshold to $1.5 billion).

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5 44 U.S.C. 3501 through 3521.

6 *See* 17 CFR 275.204(b)-1.

In addition to periodic filings, advisers must file limited information on Form PF in three situations. First, any adviser that transitions from filing quarterly to annually because it has ceased to qualify as a large hedge fund adviser or large liquidity fund adviser, must file a Form PF indicating that it is no longer obligated to report on a quarterly basis. Second, any adviser that is no longer subject to Form PF's reporting requirements, must file a final report indicating this. Third, an adviser may request a temporary hardship exemption if it encounters unanticipated technical difficulties that prevent it from making a timely electronic filing. A temporary hardship exemption extends the deadline for an electronic filing for seven business days. To request a temporary hardship exemption, the adviser must file a request on Form PF.

On January 24, 2022, the SEC proposed to amend rule 204(b)-1 and the SEC-only portions of Form PF.[7] The proposed amendments are designed to enhance FSOC's ability to monitor systemic risk as well as bolster the SEC's regulatory oversight of private fund advisers and investor protection efforts. As discussed more fully in the proposing release, the proposed amendments would do the following:[8]

- Require large hedge fund advisers to file current reports upon certain reporting events;
- Require advisers to private equity funds to file current reports upon certain reporting events;
- Reduce the threshold to qualify as a large private equity adviser;

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7 *See* Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements for Large Private Equity Advisers and Large Liquidity Fund Advisers, Investment Advisers Act Release No. 5950 (Jan. 26, 2022), 87 FR 9106 (Feb. 17, 2022) ("Proposed SEC Amendments to Form PF").

8 *Id.*

- Amend how large private equity advisers report information about the private equity funds they advise; and
- Amend how large liquidity fund advisers report information about the liquidity funds they advise.
- Under the proposal, temporary hardship exemptions would be available for current reporting.

2. Purpose and Use of the Information Collection

The rules implement provisions of Title IV of the Dodd-Frank Act, which amended the Advisers Act to require the SEC to, among other things, establish reporting requirements for advisers to private funds.[9] The information collected on Form PF is designed to facilitate FSOC's monitoring of systemic risk in the private fund industry and assist FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies.[10] The SEC and the CFTC also may use information collected on Form PF in their regulatory programs, including examinations, investigations, and investor protection efforts relating to private fund advisers.[11] The proposed amendments are designed to enhance FSOC's ability to monitor systemic risk as well as bolster the SEC's regulatory oversight of private fund advisers and investor protection efforts.[12]

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9 *See* 15 U.S.C. 80b-4(b) and 15 U.S.C. 80b-11(e).

10 *See* Form PF.

11 *Id.*

12 *See* Proposed SEC Amendments to Form PF, supra footnote 7.

3. Consideration Given to Information Technology

Advisers must file Form PF electronically with the Form PF filing system.[13] The Financial Industry Regulatory Authority ("FINRA") maintains the Form PF filing system through the Private Fund Reporting Depository ("PFRD"), a subsystem of the Investment Adviser Registration Depository ("IARD"), through which registered advisers are already separately obligated to file annual reports on Form ADV [17 CFR 279.1]. Form PF may be filed either through a fillable form on the PFRD website or through a batch filing process utilizing the eXtensible Markup Language ("XML") tagged data format. Certain advisers may prefer to report in XML format because it allows them to automate aspects of their reporting and, therefore, minimize burdens and generate efficiencies for the adviser. Collecting information electronically is designed to reduce the regulatory burden upon investment advisers by providing a convenient portal for quickly transmitting reports and, for advisers that submit their reports in XML format in particular, allowing them to automate aspects of their reporting.

4. Duplication

The collection of information requirements of Form PF are not duplicated elsewhere.

5. Effect on Small Entities

For the purposes of the Advisers Act and the Regulatory Flexibility Act of 1980, an investment adviser generally is a small entity if it (1) has assets under management having a total value of less than $25 million; (2) did not have total assets of $5 million or more on the last day of the most recent fiscal year; and (3) does not control, is not controlled by, and is not under common control with another investment adviser that has assets under management of $25

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[13] *See* 17 CFR 275.204(b)-1(b).

million or more, or any person (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year.[14]

By definition, no small entity on its own, would meet rules' minimum reporting threshold of $150 million in regulatory assets under management attributable to private funds. Based on Form PF and Form ADV data as of September 2021, the SEC estimates that no small entity advisers are required to file Form PF. The SEC does not have evidence to suggest that any small entities are required to file Form PF but are not filing Form PF.

6. Consequences of Not Conducting Collection

The rules implement provisions of Title IV of the Dodd-Frank Act, which amended the Advisers Act to require the SEC to, among other things, establish reporting requirements for advisers to private funds.[15] The information collected on Form PF is designed to facilitate FSOC's monitoring of systemic risk in the private fund industry and assist FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies.[16] The SEC and the CFTC also may use information collected on Form PF in their regulatory programs, including examinations, investigations, and investor protection efforts relating to private fund advisers.[17]

The frequency of collection varies depending on the size of the adviser and the types of private funds it manages, which balances the need for, and value of, current information against the relative reporting burden for different types of advisers. If the information either is not collected

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14 17 CFR 275.0-7.

15 *See* 15 U.S.C. 80b-4(b) and 15 U.S.C. 80b-11(e).

16 *See* Form PF.

17 *Id.*

or is collected less frequently, FSOC's ability to monitor systemic risk and deploy its regulatory tools, as well as the SEC's ability to protect investors, may be reduced.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

Under 5 CFR 1320.5(d)(2)(i), OMB will not approve a collection of information requiring respondents to report information to the agency more often than quarterly, unless the agency is able to demonstrate that it is necessary to satisfy statutory requirements or other substantial need. The proposed amendments would require advisers submit current reports upon certain reporting events, which could occur more or less than quarterly. The proposed current reporting requirements are necessary to satisfy statutory requirements or other substantial need to assist the FSOC in its monitoring obligations under the Dodd-Frank Act and assist the SEC in its investor protection efforts under the Advisers Act, by providing the SEC and FSOC with more timely data to identify and respond to private funds that are facing stress that could result in investor harm or systemic risk.

8. Consultation Outside the Agency

The SEC and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment management industry through public conferences, meetings, and informal exchanges. These various forums provide the SEC and the staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. The SEC requested comment on its proposal to amend the rules.[18]

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[18] *See* Proposed SEC Amendments to Form PF, *supra* footnote 7.

9. Payment or Gift

Not applicable.

10. Confidentiality

Responses to the information collection will be kept confidential to the extent permitted by law.[19] Form PF elicits non-public information about private funds and their trading strategies, the public disclosure of which could adversely affect the funds and their investors. The SEC does not intend to make public Form PF information that is identifiable to any particular adviser or private fund, although the SEC may use Form PF information in an enforcement action and to assess potential systemic risk.[20] SEC staff issues certain publications designed to inform the public of the private funds industry, all of which use only aggregated or masked information to avoid potentially disclosing any proprietary information.[21] The Advisers Act precludes the SEC from being compelled to reveal Form PF information except (1) to Congress, upon an agreement of confidentiality, (2) to comply with a request for information from any other Federal department or agency or self-regulatory organization for purposes within the scope of its jurisdiction, or (3) to comply with an order of a court of the United States in an action brought by the United States or the SEC.[22] Any department, agency, or self-regulatory organization that receives Form PF information must maintain its confidentiality consistent with the level of confidentiality established for the SEC.[23] The Advisers Act requires the SEC to make Form PF

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19 *See* 5 CFR 1320.5(d)(2)(vii) and (viii).

20 *See* 15 U.S.C. 80b-10(c).

21 S*ee e.g.,* Private Funds Statistics, issued by staff of the SEC Division of Investment Management's Analytics Office, which we have used in this PRA as a data source, *available at* https://www.sec.gov/divisions/investment/private-funds-statistics.shtml.

22 *See* 15 U.S.C. 80b-4(b)(8).

23 *See* 15 U.S.C. 80b-4(b)(9).

information available to FSOC.[24] For advisers that also are commodity pool operators or commodity trading advisers, filing Form PF through the Form PF filing system is filing with both the SEC and CFTC.[25] Therefore, the SEC makes Form PF information available to FSOC and the CFTC, pursuant to Advisers Act section 204(b), making the information subject to the confidentiality protections applicable to information required to be filed under that section. Before sharing any Form PF information, the SEC requires that any such department, agency, or self-regulatory organization represent to the SEC that it has in place controls designed to ensure the use and handling of Form PF information in a manner consistent with the protections required by the Advisers Act. The SEC has instituted procedures to protect the confidentiality of Form PF information in a manner consistent with the protections required in the Advisers Act.[26]

11. Sensitive Questions

Form PF elicits non-public information about private funds and their trading strategies, the public disclosure of which could adversely affect the funds and their investors. A System of Records Notice that covers the collection of information has been published in the Federal Register at 83 FR 6892 and can also be found at http://www.sec.gov/about/privacy/secprivacyoffice.htm. Instructions for obtaining the Privacy Impact Assessment for IARD can be found at http://www.sec.gov/about/privacy/secprivacyoffice.htm.

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24 *See* 15 U.S.C. 80b-4(b)(7).

25 *See* Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, Investment Advisers Act Release No. 3308 (Oct. 31, 2011), 76 FR 71128, at n.17 (Nov. 16, 2011)..

26 *See* 5 CFR 1320.5(d)(2)(viii).

12. Burden of Information Collection

We are revising our total burden estimates to reflect the proposed amendments, updated data, and new methodology for certain estimates.[27] The tables below map out the Form PF requirements as they apply to each group of respondents and detail our burden estimates.

[27] For the previously approved estimates, *see* ICR Reference No. 202011-3235-019 (conclusion date Apr. 1, 2021), *available at* https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202011-3235-019.

a. Proposed Form PF Requirements by Respondent

Table 1: Proposed Form PF Requirements by Respondent

Form PF	**Smaller private fund advisers**	**Large hedge fund advisers**	**Large liquidity fund advisers**	**Large private equity advisers**
Section 1a and section 1b (basic information about the adviser and the private funds it advises) **No proposed revisions**	Annually	Quarterly	Quarterly	Annually
Section 1c (additional information concerning hedge funds) **No proposed revisions**	Annually, if they advise hedge funds	Quarterly	Quarterly, if they advise hedge funds	Annually, if they advise hedge funds
Section 2 (additional information concerning qualifying hedge funds) **No proposed revisions**	No	Quarterly	No	No
Section 3 (additional information concerning liquidity funds) **Proposed revisions**	No	No	Quarterly	No
Section 4 (additional information concerning private equity funds) **Proposed revisions**	No	No	No	Annually
Section 5 (current reporting concerning qualifying hedge funds) **The proposal would add section 5**	No	Upon a reporting event	No	No
Section 6 (current reporting for private equity advisers) **The proposal would add section 6**	Upon a reporting event, if they advise private equity funds	No	No	Upon a reporting event
Section 7 (temporary hardship request) **The proposal would make this available for current reporting**	Optional, if they qualify	Optional, if they qualify	Optional, if they qualify	Optional, if they qualify
Transition Filings (indicating the adviser is no longer obligated to file on a quarterly basis) **No proposed revisions**	Not applicable	If they cease to qualify as a large hedge fund adviser	If they cease to qualify as a large liquidity fund adviser	Not Applicable
Final Filings (indicating the adviser is no longer subject to the rules) **No proposed revisions**	If they qualify	If they qualify	If they qualify	If they qualify

b. Annual Hour Burden Estimates

Below are tables with annual hour burden estimates for (1) initial filings, (2) ongoing annual and quarterly filings, (3) current reporting, and (4) transition filings, final filings, and temporary hardship requests.

Table 2: Annual Hour Burden Estimates for Initial Filings

Respondent[1]		Number of Respondents = Aggregate Number of Responses[2]	Hours Per Response[3]		Hours Per Response Amortized Over 3 Years[4]	Aggregate Hours Amortized Over 3 Years[5]
Smaller Private Fund Advisers	**Requested**	313 responses[6]	40 hours	÷ 3 =	13 hours	4,069 hours
	Previously Approved	272 responses	40 hours		23 hours	6,256 hours
	Change	41 responses	0 hours		(10) hour	(2,187) hours
Large Hedge Fund Advisers	**Requested**	14 responses[7]	325 hours	÷ 3 =	108 hours	1,512 hours
	Previously Approved	17 responses	325 hours		658 hours	11,186 hours
	Change	(3) responses	0 hours		(550) hours	(9,674) hours
Large Liquidity Fund Advisers	**Requested**	1 responses[8]	202 hours	÷ 3 =	67 hours	67 hours
	Previously Approved	2 responses	200 hours		588 hours	1,176 hours
	Change	(1) responses	2 hours		(521) hours	(1,109) hours
Large Private Equity Advisers	**Requested**	42 responses[9]	250 hours	÷ 3 =	83 hours	3,486 hours
	Previously Approved	9 responses	200 hours		133 hours	1,197 hours
	Change	33 responses	50 hours		(50) hours	2,289 hours

Notes:

1. We expect that the hourly burden will be most significant for the initial report because the adviser will need to familiarize itself with the new reporting form and may need to configure its systems in order to efficiently gather the required information. In addition, we expect that some large private fund advisers will find it efficient to automate some portion of the reporting process, which will increase the burden of the initial filing but reduce the burden of subsequent filings.
2. This concerns the initial filing; therefore, we estimate one response per respondent. The proposed changes are due to using updated data to estimate the number of advisers. The proposed changes concerning large private equity advisers also are due to the proposed amendment to reduce the filing threshold.
3. Hours per response changes for large liquidity fund advisers and large private equity advisers are due to proposed amendments to sections 3 and 4, respectively.
4. We propose to amortize the initial time burden over three years because we believe that most of the burden would be incurred in the initial filing. We propose to use a different methodology to calculate the estimate than the methodology staff used for the previously approved burdens. We believe the previously approved burdens for initial filings inflated the estimates by using a methodology that included subsequent filings for the next two years, which, for annual filers, included 2 subsequent filings, and for quarterly filers, included 11 subsequent filings. For the requested burden, we propose to calculate the initial filing, as amortized over the next three years, by including only the hours related to the initial filing, not any subsequent filings. This approach is designed to more accurately estimate the initial burden, as amortized over three years. (For example, to estimate the previously approved burden for a large hedge fund adviser making its initial filing, staff estimated that the adviser would have an amortized average annual burden of 658 hours (1 initial filing x 325 hours + 11 subsequent filings (because it files quarterly) x 150 hours = 1,975 hours. 1,975 hours / 3 years = approximately 658 previously approved hours per response, amortized over three years).) Changes are due to using the revised methodology, and changes for the large liquidity fund advisers and large hedge fund advisers also are due to proposed amendments to section 3 and 4, respectively.
5. (Number of responses) x (hours per response amortized over three years) = aggregate hours amortized over three years. Changes are due to (1) using updated data to estimate the number of advisers and (2) the new methodology to estimate the hours per response, amortized over three years. For large liquidity fund advisers, changes also are due to proposed amendments to section 3. For large private equity advisers, changes also are due to the proposed amendments to lower the threshold and amend section 4.
6. Private Funds Statistics show 2,427 smaller private fund advisers filed Form PF in the fourth quarter of 2020. Based on filing data from the last five years, an average of 12.9 percent of them did not file for the previous due date. (2,427 x 0.129 = 313 advisers.)
7. Private Funds Statistics show 545 large hedge fund advisers filed Form PF in the fourth quarter of 2020. Based on filing data from the last five years, an average of 2.6 percent of them did not file for the previous due date. (545 x 0.026 = 14.17 advisers, rounded to 14 advisers.)
8. Private Funds Statistics show 23 large liquidity fund advisers filed Form PF in the fourth quarter of 2020. Based on filing data from the last five years, an average of 1.5 percent of them did not file for the previous due date. (23 x 0.015 = 0.345 advisers, rounded up to 1 adviser.)

9. Private Funds Statistics show 364 large private equity advisers filed Form PF in the fourth quarter of 2020. Based on filing data from the last five years, an average of 3.5 percent of them did not file for the previous due date. (364 x 0.035 = 12.74 advisers, rounded to 13 advisers.) As discussed in section II.B, we estimate that reducing the filing threshold for large private equity advisers would capture eight percent more of the U.S. private equity industry based on committed capital (from 67 percent to 75 percent of the U.S. private equity industry). Therefore, we propose to estimate the number of large private equity advisers would increase by eight percent, as a result of the proposed threshold. ((364 large private equity advisers x 0.08 = 29.12, rounded to 29 additional large private equity advisers filing for the first time as a result of the proposed threshold) + (13 advisers) = 42 advisers.).)

Table 3: Annual Hour Burden Estimates for Ongoing Annual and Quarterly Filings

Respondent[1]		Number of Respondents[2]		Number of Responses[3]		Hours Per Response[4]		Aggregate Hours[5]
Smaller Private Fund Advisers	**Requested**	2,114 advisers[6]	x	1 response	x	15 hours	=	31,710 hours
	Previously Approved	2,055 advisers	x	1 response	x	15 hours	=	30,825 hours
	Change	59 advisers		0		0 hours		885 hours
Large Hedge Fund Advisers	**Requested**	531 advisers[7]	x	4 responses	x	150 hours	=	318,600 hours
	Previously Approved	537 advisers	x	4 responses	x	150 hours	=	322,200 hours
	Change	(6) advisers		0		0 hours		(3,600) hours
Large Liquidity Fund Advisers	**Requested**	22 advisers[8]	x	4 responses	x	71 hours	=	6,248 hours
	Previously Approved	20 advisers	x	4 responses	x	70 hours	=	5,600 hours
	Change	2 advisers		0		1 hour		648 hours
Large Private Equity Advisers	**Requested**	351 advisers[9]	x	1 response	x	125 hours	=	43,875 hours
	Previously Approved	313 advisers	x	1 response	x	100 hours	=	31,300 hours
	Change	38 advisers		0		25 hours		12,575 hours

Notes:

1. We estimate that after an adviser files its initial report, it will incur significantly lower costs to file ongoing annual and quarterly reports, because much of the work for the initial report is non-recurring and likely created system configuration and reporting efficiencies.
2. Changes to the number of respondents are due to using updated data to estimate the number of advisers. For large private equity advisers, changes also are due to the proposed amendment to lower the threshold.
3. Smaller private fund advisers and large private equity advisers file annually. Large hedge fund advisers and large liquidity fund advisers file quarterly.
4. Hours per response changes for the large liquidity fund advisers and large private equity advisers are due to the proposed amendments to sections 3 and 4, respectively.
5. Changes to the aggregate hours are due to using updated data to estimate the number of advisers. For large liquidity fund advisers and large private equity advisers, changes also are due to the proposed amendments to sections 3 and 4, respectively.
6. Private Funds Statistics show 2,427 smaller private fund advisers filed Form PF in the fourth quarter of 2020. We estimated that 313 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (2,427 total smaller advisers – 313 advisers who made an initial filing = 2,114 advisers who make ongoing filings.)
7. Private Funds Statistics show 545 large hedge fund advisers filed Form PF in the fourth quarter of 2020. We estimated that 14 of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (545 total large hedge fund advisers – 14 advisers who made an initial filing = 531 advisers who make ongoing filings.)
8. Private Funds Statistics show 23 large liquidity fund advisers filed Form PF in the fourth quarter of 2020. We estimated that one of them filed an initial filing, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. (23 total large liquidity fund advisers – 1 adviser who made an initial filing = 22 advisers who make ongoing filings.)
9. Private Funds Statistics show 364 large private equity advisers filed Form PF in the fourth quarter of 2020. Based on filing data from the last five years, an average of 3.5 percent of them did not file for the previous due date. (364 x 0.035 = 12.74 advisers, rounded to 13 advisers.) (364 total large private equity advisers – 13 advisers who made an initial filing = 351 advisers who make ongoing filings.) Lowering the filing threshold for large private equity advisers would result in additional advisers filing for the first time, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings.

Table 4: Annual Hour Burden Estimates for Current Reporting

Respondent[1]		Aggregate Number of Responses		Hours Per Response[2]		Aggregate Hours
Smaller Private Fund Advisers	**Requested**	6 responses	x	8.5 hours	=	51 hours
	Previously Approved			Not Applicable		
	Change			Not Applicable		
Large Hedge Fund Advisers	**Requested**	6 responses	x	8.5 hours	=	51 hours
	Previously Approved			Not Applicable		
	Change			Not Applicable		
Large Private Equity Advisers	**Requested**	6 response	x	8.5 hours	=	51 hours
	Previously Approved			Not Applicable		
	Change			Not Applicable		

Notes:

1. Smaller private fund advisers that advise private equity funds and large private equity advisers would file current reports under section 6. Large hedge fund advisers would file current reports under section 5. There are no previously approved estimates for these proposed amendments because they would be new requirements.
2. We expect that the time to prepare and file a current report would range from 4 hours to 8.5 hours, depending on the reporting event. Therefore, we propose to use the upper range (8.5 hours) to calculate estimates.

Table 5: Annual Hour Burden Estimates for Transition Filings, Final Filings, and Temporary Hardship Requests

Filing Type[1]		Aggregate Number of Responses[2]		Hours Per Response		Aggregate Hours[3]
Transition Filing from Quarterly to Annual	**Requested**	63 responses[4]	x	0.25 hours	=	15.75 hours
	Previously Approved	45 responses	x	0.25 hours	=	11.25 hours
	Change	18 responses		0 hours		4.5 hours
Final Filings	**Requested**	232 responses[5]	x	0.25 hours	=	58 hours
	Previously Approved	54 responses	x	0.25 hours	=	13.5 hours
	Change[6]	178 responses		0 hours		44.5 hours
Temporary Hardship Requests	**Requested**	3 responses[7]	x	1 hour	=	3 hours
	Previously Approved	4 responses	x	1 hour	=	4 hours
	Change	(1) responses		0 hours		(1) hour

Notes:

1. Advisers must file limited information on Form PF in three situations. First, any adviser that transitions from filing quarterly to annually because it has ceased to qualify as a large hedge fund adviser or large liquidity fund adviser, must file a Form PF indicating that it is no longer obligated to report on a quarterly basis. Second, any adviser that is no longer subject to Form PF's reporting requirements, must file a final report indicating this. Third, an adviser may request a temporary hardship exemption if it encounters unanticipated technical difficulties that prevent it from making a timely electronic filing. A temporary hardship exemption extends the deadline for an electronic filing for seven business days. To request a temporary hardship exemption, the adviser must file a request on Form PF. Under the proposal, temporary hardship exemptions would be available for current reporting, as discussed in section II. This proposed amendment would not result in any changes to the hours per response.
2. Changes to the aggregate number of responses are due to using updated data. Changes for final filings also are due to using a different methodology, as discussed below.
3. Changes to the aggregate hours are due to the changes in the aggregated number of responses.
4. Private Funds Statistics show 568 advisers filed quarterly reports in the fourth quarter of 2020. Based on filing data from the last five years, an average of 11.1 percent of them filed a transition filing. (568 x 0.111 = 63 responses.)
5. Private Funds Statistics show 3,359 advisers filed Form PF in the fourth quarter of

2020. Based on filing data from the last five years, an average of 6.9 percent of them filed a final filing. (3,359 x 0.069 = approximately 232 responses.)
6. Changes for final filings are due to using a different methodology. The previously approved estimates used a percentage of quarterly filers to estimate how many advisers filed a final report. We propose to use a percentage of all filers to estimate how many advisers filed a final report, because all filers may file a final report, not just quarterly filers. Therefore, this proposed methodology is designed to more accurately estimate the number of responses for final filings.
7. Based on experience receiving temporary hardship requests, we estimate that 1 out of 1,000 advisers will file a temporary hardship exemption annually. Private Funds Statistics show there were 3,359 private fund advisers who filed Form PF. (3,359 / 1,000 = approximately 3 responses.)

c. Annual Monetized Time Burden Estimates

Below are tables with annual monetized time burden estimates for (1) initial filings, (2) ongoing annual and quarterly filings, (3) current reporting, and (4) transition filings, final filings, and temporary hardship requests.[28]

[28] The hourly wage rates are based on (1) SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, modified by SEC staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead; and (2) SIFMA's *Office Salaries in the Securities Industry 2013*, modified by SEC staff to account for an 1,800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

Table 6: Annual Monetized Time Burden of Initial Filings

Respondent[1]		Per Response[2]		Per Response Amortized Over 3 years[3]		Aggregate Number of Responses[4]		Aggregate Monetized Time Burden Amortized Over 3 Years
Smaller Private Fund Advisers	**Requested**	$13,620[5]	÷ 3 =	$4,540	x	313 responses	=	$1,421,020
	Previously Approved	$13,460			x	272 responses	=	$3,661,120
	Change	$160				41 responses		($2,240,100)
Large Hedge Fund Advisers	**Requested**	$104,423[6]	÷ 3 =	$34,808	x	14 responses	=	$487,312
	Previously Approved	$103,123			x	17 responses	=	$1,753,091
	Change	$1,300				(3) responses		($1,265,779)
Large Liquidity Fund Advisers	**Requested**	$64,893[7]	÷ 3 =	$21,631	x	1 responses	=	$21,631
	Previously Approved	$63,460			x	2 responses	=	$126,920
	Change	$1,433				(1) responses		($105,289)
Large Private Equity Advisers	**Requested**	$80,325[8]	÷ 3 =	$26,775	x	42 responses	=	$1,124,550
	Previously Approved	$63,460			x	9 responses	=	$571,140
	Change	$16,865				33 responses		$553,410

Notes:

1. We expect that the monetized time burden will be most significant for the initial report, for the same reasons discussed in Table 2: Annual Hour Burden Estimates for Initial Filings. Accordingly, we anticipate that the initial report will require more attention from senior personnel, including compliance managers and senior risk management specialists, than will ongoing annual and quarterly filings. Changes are due to using (1) updated hours per response estimates, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings, (2) updated aggregate number of responses, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings, and (3) updated wage estimates. Changes to the aggregate monetized time burden, amortized over three years, also are due to amortizing the monetized time burden, which the previously approved estimates did not calculate, as discussed below.
2. For the hours per response in each calculation, *see* Table 2: Annual Hour Burden Estimates for Initial Filings.
3. We propose to amortize the monetized time burden for initial filings over three years, as we do with other initial burdens in this PRA, because we believe that most of the burden would be incurred in the initial filing. The previously approved burden estimates did not calculate this.
4. *See* Table 2: Annual Hour Burden Estimates for Initial Filings.
5. For smaller private fund advisers, we estimate that the initial report will most likely be completed equally by a compliance manager at a cost of $316 per hour and a senior risk management specialist at a cost of $365 per hour. Smaller private fund advisers generally would not realize significant benefits from or incur significant costs for system configuration or automation because of the limited scope of information required from smaller private fund advisers. (($316 per hour x 0.5) + ($365 per hour x 0.5)) x 40 hours per response = $13,620.
6. For large hedge fund advisers, we estimate that for the initial report, of a total estimated burden of 325 hours, approximately 195 hours will most likely be performed by compliance professionals and 130 hours will most likely be performed by programmers working on system configuration and reporting automation. Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of $316 per hour and a senior risk management specialist at a cost of $365 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of $339 per hour and a programmer analyst at a cost of $246 per hour. (($316 per hour x 0.5) + ($365 per hour x 0.5)) x 195 hours = $66,397.50. (($339 per hour x 0.5) + ($246 per hour x 0.5)) x 130 hours = $38,025. $66,397.50 + $38,025 = $104,422.50, rounded to $104,423.
7. For large liquidity fund advisers, we estimate that for the initial report, of a total estimated burden of 202 hours, approximately 60 percent will most likely be performed by compliance professionals and approximately 40 percent will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 121 hours for compliance professionals and 81 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of $316 per hour and a senior risk management

specialist at a cost of $365 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of $339 per hour and a programmer analyst at a cost of $246 per hour. (($316 per hour x 0.5) + ($365 per hour x 0.5)) x 121 hours = $41,200.50. (($339 per hour x 0.5) + ($246 per hour x 0.5)) x 81 hours = $23,692.50. $41,200.50 + $23,692.50 = $64,893.

8. For large private equity advisers, we expect that for the initial report, of a total estimated burden of 250 hours, approximately 60 percent will most likely be performed by compliance professionals and approximately 40 percent will most likely be performed by programmers working on system configuration and reporting automation (that is approximately 150 hours for compliance professionals and 100 hours for programmers). Of the work performed by compliance professionals, we anticipate that it will be performed equally by a compliance manager at a cost of $316 per hour and a senior risk management specialist at a cost of $365 per hour. Of the work performed by programmers, we anticipate that it will be performed equally by a senior programmer at a cost of $339 per hour and a programmer analyst at a cost of $246 per hour. (($316 per hour x 0.5) + ($365 per hour x 0.5)) x 150 hours = $51,075. (($339 per hour x 0.5) + ($246 per hour x 0.5)) x 100 hours = $29,250. $51,075 + $29,250 = $80,325.

Table 7: Annual Monetized Time Burden of Ongoing Annual and Quarterly Filings

Respondent[1]		Per Response[2]		Aggregate Number of Responses		Aggregate Monetized Time Burden
Smaller Private Fund Advisers	**Requested**	$4,230[3]	x	2,114 responses[4]	=	$8,942,220
	Previously Approved	$4,173.75	x	2,055 responses	=	$8,577,056
	Change	$56.25		59 responses		$365,164
Large Hedge Fund Advisers	**Requested**	$42,300[5]	x	2,124 responses[6]	=	$89,845,200
	Previously Approved	$41,737.50	x	2,148 responses	=	$89,652,150
	Change	$562.50		(24 responses)		$193,050
Large Liquidity Fund Advisers	**Requested**	$20,022[7]	x	88 responses[8]	=	$1,761,936
	Previously Approved	$29,216.25	x	80 responses	=	$2,337,300
	Change[9]	($9,194.25)		8 responses		($575,364)
Large Private Equity Advisers	**Requested**	$35,250[10]	x	351 responses[11]	=	$12,372,750
	Previously Approved	$27,825	x	313 responses		$8,709,225
	Change	$7,425		38 responses		$3,663,525

Notes:

1. We expect that the monetized time burden will be less costly for ongoing annual and quarterly reports than for initial reports, for the same reasons discussed in Table 3: Annual Hour Burden Estimates for Ongoing Annual and Quarterly Filings. Accordingly, we anticipate that senior personnel will bear less of the reporting burden than they would for the initial report. Changes are due to using (1) updated wage estimates, (2) updated hours per response estimates, as discussed in Table 3: Annual Hour Burden Estimates for Ongoing Annual and Quarterly Filings, and (3) updated aggregate number of responses. Changes to estimates concerning large liquidity fund advisers primarily appear to be due to correcting a calculation error, as discussed below.
2. For all types of respondents, we estimate that both annual and quarterly reports would be completed equally by (1) a compliance manager at a cost of $316 per hour, (2) a senior compliance examiner at a cost of $243, (3) a senior risk management specialist at a cost of $365 per hour, and (4) a risk management specialist at a cost of $203 an hour. ($316 x 0.25 = $79) + ($243 x 0.25 = $60.75) + ($365 x 0.25 = $91.25) + ($203 x 0.25 = $50.75) = $281.75, rounded to $282 per hour. To calculate the cost per response for each respondent, we used the hours per response from Table 3: Annual

Hour Burden Estimates for Ongoing Annual and Quarterly Filings.

3. Cost per response for smaller private fund advisers: ($282 per hour x 15 hours per response = $4,230 per response.)
4. (2,114 smaller private fund advisers x 1 response annually = 2,114 aggregate responses.)
5. Cost per response for large hedge fund advisers: ($282 per hour x 150 hours per response = $42,300 per response.)
6. (531 large hedge fund advisers x 4 responses annually = 2,124 aggregate responses.)
7. Cost per response for large liquidity fund advisers: ($282 per hour x 71 hours per response = $20,022 per response.
8. (22 large liquidity fund advisers x 4 responses annually = 88 aggregate responses.)
9. The previously approved estimates appear to have mistakenly used a different amount of hours per response (105 hours), rather than the actual estimate for large liquidity fund advisers (which was 70 hours per response), causing the monetized time burden to be inflated in error. Therefore, the extent of these changes are primarily due to using the correct hours per response, which we now estimate as 71 hours, as discussed in Table 3: Annual Hour Burden Estimates for Ongoing Annual and Quarterly Filings.
10. Cost per response for large private equity advisers: ($282 per hour x 125 hours per response = $35,250 per response.)
11. (351 private equity advisers x 1 response annually = 351 aggregate responses.)

Table 8: Annual Monetized Time Burden of Current Reporting

Respondent[1]		Per Response[2]		Aggregate Number of Responses[3]		Aggregate Monetized Time Burden
Smaller Private Fund Advisers	**Requested**	$4,182	x	6 responses	=	$25,092
	Previously Approved			Not Applicable		
	Change			Not Applicable		
Large Hedge Fund Advisers	**Requested**	$3,538[4]	x	6 responses	=	$21,228
	Previously Approved			Not Applicable		
	Change			Not Applicable		
Large Private Equity Advisers	**Requested**	$4,182	x	6 responses	=	$25,092
	Previously Approved			Not Applicable		
	Change			Not Applicable		

Notes:

1. Smaller private fund advisers that advise private equity funds and large private equity advisers would file current reports under section 6. Large hedge fund advisers would file current reports under section 5. There are no previously approved estimates for these proposed amendments because they would be new requirements.
2. For the cost per response for smaller private fund advisers and large private equity advisers, we estimate that, depending on the circumstances, different legal professionals at the adviser would work on the section 6 current report. We estimate that the time costs for a legal professional to be approximately $492, which is a blended average of hourly rate for a deputy general counsel ($610) and compliance attorney ($373). (8.5 hours to file a section 6 current report x $492 per hour for a legal professional = $4,182).
3. *See* Table 4: Annual Hour Burden Estimates for Current Reporting.
4. For the cost per response for large hedge fund advisers, we estimate that, depending on the circumstances, different legal professionals and financial professionals at the advisers would work on the section 5 current report because the reporting events may require both legal and quantitative analysis. We estimate that the time costs for a legal professional to be approximately $492, which is a blended average of hourly rate for a deputy general counsel ($610) and compliance attorney ($373). We estimate that the time costs for a financial professional to be approximately $331, which is a blended average hourly rate for a senior risk management specialist ($365) and a financial reporting manager ($297). Of the

total 8.5 hours that a section 5 current report would take, we estimate that an adviser would spend on average 4.5 hours of legal professional time and 4 hours of financial professional time to prepare, review, and submit a current report pursuant to section 5. (4.5 hours x $492 per hour for a legal professional = $2,214) + (4 hours x $331 per hour for a financial professional = $1,324) = $3,538.

Table 9: Annual Monetized Time Burden for Transition Filings, Final Filings, and Temporary Hardship Requests

Filing Type[1]		Per Response		Aggregate Number of Responses[2]		Aggregate Monetized Time Burden
Transition Filing from Quarterly to Annual	Requested	$18[3]	x	63 responses	=	$1,134
	Previously Approved	$17.75	x	45 responses	=	$798.75
	Change	$0.75		18 responses		$335.25
Final Filings	Requested	$18[4]	x	232 responses	=	$4,176
	Previously Approved	$17.75	x	54 responses	=	$958.50
	Change	$0.75		178 responses		$3,217.50
Temporary Hardship Requests	Requested	$222[5]	x	3 responses	=	$666
	Previously Approved	$221.63	x	4 responses	=	$886.52
	Change	$0.37		(1) responses		($220.52)

Notes:

1. All changes are due to using updated data concerning wage rates and the number of responses.
2. *See* Table 5: Annual Hour Burden Estimates for Transition Filings, Final Filings, and Temporary Hardship Requests.
3. We estimate that each transition filing will take 0.25 hours and that a compliance clerk would perform this work at a cost of $72 an hour. (0.25 hours x $72 = $18.)
4. We estimate that each final filing will take 0.25 hours and that a compliance clerk would perform this work at a cost of $72 an hour. (0.25 hours x $72 = $18.)
5. We estimate that each temporary hardship request will take 1 hour. We estimate that a compliance manager would perform five-eighths of the work at a cost of $316 and a general clerk would perform three-eighths of the work at a cost of $64. (1 hour x ((5/8 of an hour x $316 = $197.5) + (3/8 of an hour x $64 = $24)) = $221.5 per response.

e. Summary of Estimates and Change in Burden

Table 10: Aggregate Annual Estimates

Description[1]	Requested	Previously Approved	Change
Respondents	3,388 respondents[2]	3,225 respondents	163 respondents[3]
Responses	5,363 responses[4]	5,056 responses	307 responses[5]
Time Burden	409,797 hours[6]	409,768 hours	29 hours[7]
Monetized Time Burden (Dollars)	$116,054,007[8]	$122,152,100.25	($6,098,093)[9]
External Cost Burden (Dollars)[10]	$1,739,825[11]	$3,628,850	($1,889,025)[12]

Notes:

1. Changes are due to (1) the proposed amendments, (2) using updated data, and (3) using different methodologies to calculate certain estimates, as described in this PRA.
2. Private Funds Statistics show the following advisers filed Form PF in the fourth quarter of 2020: 2,427 smaller private fund advisers + 545 large hedge fund advisers + 23 large liquidity fund advisers + 364 large private equity advisers = 3,359 advisers. 3,359 advisers + 29 additional large private equity advisers filing for the first time as a result of the proposed threshold = 3,388 respondents.
3. Changes are due to (1) the proposed amendment to reduce the filing threshold for large private equity advisers and (2) using updated data.
4. For initial filings (Table 2): (313 smaller private fund adviser responses + 14 large hedge fund adviser responses + 1 large liquidity fund adviser response + 42 large private equity adviser responses = 370 responses.) For ongoing annual and quarterly filings (Table 7): 2,114 smaller private fund adviser responses + 2,124 large hedge fund adviser responses + 88 large liquidity fund adviser responses + 351 large private equity adviser responses = 4,677 responses.) For current reporting (Table 4): (6 smaller private fund adviser responses + 6 large hedge fund adviser responses + 6 large private equity adviser responses = 18 responses.) (370 responses for initial filings + 4,677 responses for ongoing annual and quarterly filings + 18 responses for current reporting + 63 responses for transition filings + 232 responses for final filings + 3 responses for temporary hardship requests = 5,363 responses.)
5. Changes are due to (1) the proposal to add current reporting requirements, (2) the proposal to reduce the filing threshold for large private equity advisers, and (3) updated data concerning the number of filers.

6. For initial filings: (4,069 hours for smaller private fund advisers + 1,512 hours for large hedge fund advisers + 67 hours for large liquidity fund advisers + 3,486 hours for large private equity advisers = 9,134 hours). For ongoing annual and quarterly filings: (31,710 hours for smaller private fund advisers + 318,600 hours for large hedge fund advisers + 6,248 for hours large liquidity fund advisers + 43,875 hours for large private equity advisers = 400,433 hours). For current reporting: (51 hours for smaller private fund advisers + 51 hours for large hedge fund advisers + 51 hours for large private equity advisers = 153 hours.) (9,134 hours for initial filings + 400,433 for ongoing annual and quarterly filings + 153 hours for current reporting + 15.75 hours for transition filings + 58 hours for final filings + 3 hours for temporary hardship requests = 409,796.75 hours, rounded to 409,797 hours.
7. Although we would expect the time burden to increase more, given the proposed amendments, we estimate a smaller increase primarily because we propose to use a different methodology to calculate initial burden hours, as discussed in Table 2: Annual Hour Burden Estimates for Initial Filings, because the previously approved burdens for initial filings appear to have inflated the estimates.
8. For initial filings: ($1,421,020 for smaller private fund advisers + $487,312 for large hedge fund advisers + $21,631 for large liquidity fund advisers + $1,124,550 for large private equity advisers = $3,054,513). For ongoing annual and quarterly filings: ($8,942,220 for smaller private fund advisers + $89,845,200 for large hedge fund advisers + $1,761,936 for large liquidity fund advisers + $12,372,750 for large private equity advisers = $112,922,106). For current reporting: ($25,092 for smaller private equity fund advisers + $21,228 for large hedge fund advisers + $25,092 for large private equity advisers = $71,412). ($3,054,513 for initial filings + $112,922,106 for ongoing annual and quarterly filings + $71,412 for current reporting + $1,134 for transition filings + $4,176 for final filings + $666 for temporary hardship requests = $116,054,007.)
9. Although we would expect the monetized time burden to increase, given the proposed amendments, we estimate it would decrease primarily because we propose to use a different methodology to calculate it. We believe the previously approved burden inflated the estimates by using a methodology that inflated an element of the total: the monetized time burden for initial filings. To calculate the monetized time burden for initial filings, the previously approved estimates included subsequent filings. For the requested total burden, we propose to calculate the initial filing element by including only the hours related to the initial filing, not any subsequent filings. We also propose to amortize the monetized time burden for an initial filing over three years, by dividing the initial filing burden by three years, as discussed in Table 6: Annual Monetized Time Burden of Initial Filings. The proposed methodology is designed to more accurately reflect the estimates.
10. *See* Section A.13 of this Supporting Statement for a discussion of the external cost burden. For annual, quarterly, and initial filing costs: ($364,050 for smaller private fund advisers + $560,338 for large hedge funds + $30,467 for large liquidity fund advisers + $754,614 for large private equity advisers = $1,709,469). For current reporting: ($5,952 for smaller private fund advisers + $18,452 for large hedge funds + $5,952 for large private equity advisers = $30,356). ($1,709,469 annual, quarterly, and initial cost external cost burden + $30,356 current reporting external cost burden =

$1,739,825 total annual external cost burden.)

11. Although we would expect the external cost burden to increase, given the proposed amendments, we estimate it would decrease primarily because we propose to use a different methodology to calculate it. We believe the previously approved burden inflated the estimates by (1) multiplying the filing fees by three years and (2) not amortizing the external costs for initial filings: ($742,950 aggregate annual filing fees x 3 years = $2,228,850 in filing fees) + $1,400,000 external costs of initial filings = $3,628,850). We propose to not multiply the aggregate annual filing fees by three years because we are estimating the external cost burden for one year, not three. We propose to amortize the external cost for initial filings over three years, by dividing the external cost of an initial filing by three years, as discussed in Table 11: Annual External Cost Burden for Ongoing Annual and Quarterly Filings as well as Initial Filings. The proposed methodology is designed to more accurately reflect the estimates.

13. Cost to Respondents

We estimate an aggregate annual estimated external cost burden of $1,739,825, which represents a decrease of $1,889,025 from the previously approved estimate of $3,628,850. See Table 10: Aggregate Annual Estimates, above, which summarizes the total aggregated annual estimated external cost burden. Also see the tables below, which detail the annual external cost burden estimates for (1) initial filings as well as ongoing annual and quarterly filings and (2) current reporting. There are no filing fees for transition filings, final filings, or temporary hardship requests and we continue to estimate there would be no external costs for those filings, as previously approved.

Table 11: Annual External Cost Burden for Ongoing Annual and Quarterly Filings as well as Initial Filings

Respondent[1]		Number of Responses Per Respondent[2]		Filing Fee Per Filing[3]		Total Filing Fees	External Cost of Initial Filing[4]		External Cost of Initial Filing Amortized Over 3 Years[5]		Number of Initial Filings[6]		Aggregate External Cost of Initial Filing Amortized Over 3 Years[7]	Total Aggregate External Cost[8]
Smaller Private Fund Advisers	Requested	1	x	$150	=	$150	Not Applicable							$364,050[9]
	Previously Approved	1	x	$150	=	$150	Not Applicable							$349,050
	Change	0		$0		$0	No Change							$15,000
Large Hedge Fund Advisers	Requested	4	x	$150	=	$600	$50,000	÷ 3 =	$16,667	x	14	=	$233,338	$560,338[10]
	Previously Approved	4	x	$150	=	$600	$50,000			x	17	=	$850,000	$1,182,400
	Change	0		$0		$0	$0				(3)		($616,662)	($622,062)
Large Liquidity Fund Advisers	Requested	4	x	$150	=	$600	$50,000	÷ 3 =	$16,667	x	1	=	$16,667	$30,467[11]
	Previously Approved	4	x	$150	=	$600	$50,000			x	2	=	$100,000	$113,200
	Change	0		$0		$0	$0				(1)		($83,333)	($82,733)
Large Private Equity Advisers	Requested	1	x	$150	=	$150	$50,000	÷ 3 =	$16,667	x	42	=	$700,014	$754,614[12]
	Previously Approved	1	x	$150	=	$150	$50,000			x	9	=	$450,000	$498,300
	Change	0		$0		$0	$0				33		$250,014	$256,314

Notes:

1. We estimate that advisers would incur the cost of filing fees for each filing. For initial filings, advisers may incur costs to modify existing systems or deploy new systems to support Form PF reporting, acquire or use hardware to perform computations, or otherwise process data required on Form PF.
2. Smaller private fund advisers and large private equity advisers file annually. Large hedge fund advisers and large liquidity fund advisers file quarterly.
3. The SEC established Form PF filing fees in a separate order. Since 2011, filing fees have been and continue to be $150 per annual filing and $150 per quarterly filing. *See* Order Approving Filing Fees for Exempt Reporting Advisers and Private Fund Advisers, Advisers Act Release No. 3305 (Oct. 24, 2011) [76 FR 67004 (Oct. 28, 2011)].
4. In the previous PRA submission for the rules, staff estimated that the external cost burden for initial filings would range from $0 to $50,000 per adviser. This range reflected the fact that the cost to any adviser may depend on how many funds or the types of funds it manages, the state of its existing systems, the complexity of its business, the frequency of Form PF filings, the deadlines for completion, and the amount of information the adviser must disclose on Form PF. Smaller private fund advisers would be unlikely to bear such costs because the information they must provide is limited and will, in many cases, already be maintained in the ordinary course of business. We continue to estimate that the same cost range would apply.
5. We propose to amortize the external cost burden of initial filings over three years, as we do with other initial burdens in this PRA, because we believe that most of the burden would be incurred in the initial filing. The previously approved burden estimates did not calculate this.
6. *See* Table 2: Annual Hour Burden Estimates for Initial Filings.
7. Changes to the aggregate external cost of initial filings, amortized over three years are due to (1) using updated data and (2) amortizing the external cost of initial filings over three years, which the previously approved PRA did not calculate. Changes concerning large private equity advisers also are due to the proposed amendment to reduce the filing threshold.
8. Changes to the total aggregate external cost are due to (1) using updated data and (2) amortizing the external cost of initial filings over three years, which the previously approved PRA did not calculate. Changes concerning large private equity advisers also are due to the proposed amendment to reduce the filing threshold.
9. Private Funds Statistics show 2,427 smaller private fund advisers filed Form PF in the fourth quarter of 2020. (2,427 smaller private fund advisers x $150 total filing fees) = $364,050 aggregate cost.
10. Private Funds Statistics show 545 large hedge fund advisers filed Form PF in the fourth quarter of 2020. (545 large hedge fund advisers x $600 total filing fees) + $233,338 total external costs of initial filings, amortized over three years = $560,338 aggregate cost.
11. Private Funds Statistics show 23 large liquidity fund advisers filed Form PF in the fourth quarter of 2020. (23 large liquidity fund advisers x $600 total filing fees) + $16,667 total external costs of initial filings, amortized over three years = $30,467 aggregate cost.
12. Private Funds Statistics show 364 large private equity advisers filed Form PF in the fourth quarter of 2020. (364 large private equity advisers x $150 total filing fees) + $700,014 total external costs of initial filings, amortized over three years = $754,614 aggregate cost.

Table 12: Annual External Cost Burden for Current Reporting

Respondent[1]		Aggregate Number of Responses[2]		Cost of Outside Counsel Per Current Report[3]		Aggregate Cost of Outside Counsel	One-time Cost of System Changes	Total Aggregate External Cost[4]
Smaller Private Fund Advisers	**Requested**	6	x	$992	=	$5,952	Not Applicable	$5,952
	Previously Approved	Not Applicable						
	Change	Not Applicable						
Large Hedge Fund Advisers	**Requested**	6	x	$992	=	$5,952	$12,500[5]	$18,452
	Previously Approved	Not Applicable						
	Change	Not Applicable						
Large Private Equity Advisers	**Requested**	6	x	$992	=	$5,952	Not Applicable	$5,952
	Previously Approved	Not Applicable						
	Change	Not Applicable						
Advisers would pay filing fees, the amount of which would be determined in a separate action.								

Notes:

1. In a separate action, the SEC would approve filing fees that reflect the reasonable costs associated with current report filings and the establishment and maintenance of the filing system. (*See* 15 U.S.C. 80b-4(c).) We estimate that advisers would incur costs of outside counsel for each current report. We also estimate that large hedge fund advisers may incur a one-time cost to modify existing systems or deploy new systems to support section 5 current reporting, acquire or use hardware to perform computations, or otherwise process data to identify reporting events set forth in section 5, because such reporting events are quantitative. We estimate that such costs would not apply to advisers subject to current reporting requirements in proposed section 6, because the reporting events are more qualitative. There are no previously approved estimates for these proposed amendments because they would be new requirements.
2. *See* Table 4: Annual Hour Burden Estimates for Current Reporting.
3. We estimate the cost for outside legal counsel is $496. This is based on an estimated $400 per hour cost for outside legal services, as used by the Commission for these services in the "Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers With Less Than $150 Million Under Management, and Foreign Private Advisers" final rule, Advisers Act Release No. 3222 (June 22, 2011) [76 FR 39646 (July 6, 2011)], as inflated using the Consumer Price Index. We estimate that approximately two hours of the total legal professional time that would otherwise be spent on current reporting for sections 5 and 6, would be shifted from in-house legal professionals to outside legal counsel. (2 hours x $496 for outside legal services = $992.)
4. (Aggregate cost of outside counsel) + (one-time cost of system changes, as applicable) = total aggregate cost.
5. We estimate that the one-time external cost burden would range from $0 to $12,500, per adviser. This range of costs reflects the fact that the cost to any adviser might depend on how many funds or the types of funds it manages, the state of its existing systems, and the complexity of its business.

14. Cost to the Federal Government

There are no costs to the government directly attributable to the rules.

15. Change in Burden

The aggregate annual estimate of 3,388 respondents represents an increase of 163 respondents from the previously approved estimate of 3,225 respondents. The aggregate annual estimate of 5,363 responses represents an increase of 307 responses from the previously approved estimate of 5,056 responses. The aggregate annual estimated time burden of 409,797 hours represents an increase of 29 hours from the previously approved estimate of 409,768 hours. The aggregate annual estimated monetized time burden of $116,054,007 represents a decrease of $6,098,093 from the previously approved estimate of $122,152,100.25. The aggregate annual estimated external cost burden of $1,739,825 represents a decrease of $1,889,025 from the previously approved estimate of $3,628,850. The changes are due to proposed amendments, updated data, and using a new methodology for certain estimates.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of Form PF, although the OMB control number will be displayed. Including the expiration date on the electronic version of this form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates.

18. Exceptions to Certification Statement for Paperwork Reduction Act Submission

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.