

MEMO# 34123

April 25, 2022

ICI Files Comment Letter to SEC on Private Fund Advisers Proposal

[34123]

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TO: ICI Members
Accounting/Treasurers Committee
Closed-End Investment Company Committee
Disclosure Working Group
Investment Advisers Committee
Registered Fund CPO Advisory Committee
SEC Rules Committee SUBJECTS: Closed-End Funds
Compliance
Disclosure
Distribution RE: ICI Files Comment Letter to SEC on Private Fund Advisers Proposal

ICI has filed the attached comment letter with the SEC on its recent Private Funds Advisers proposal.[\[1\]](#) The letter addresses proposed amendments to the Investment Advisers Act that would, among other things, require investment advisers to prepare a quarterly statement disclosing private fund fees, expenses, and performance and to distribute the statement to the private fund's investors.

In circumstances where a private fund investor is itself a pooled investment vehicle that is "controlling, controlled by, or under common control with" the private fund adviser, the SEC would require the private fund adviser to send the quarterly statement to the investors in the pooled vehicle. The SEC, however, does not define "pooled investment vehicle" for purposes of this requirement. The letter expresses concern that the term could be construed to include registered investment companies that invest in private funds and result in private fund quarterly statements being required to be sent to registered fund shareholders.

The letter states that registered funds are already subject to a robust disclosure framework to provide their shareholders with key information needed to assess and monitor fund investments and to make informed decisions. Requiring advisers to send private fund quarterly statements to registered fund shareholders would unnecessarily complicate already-robust registered fund disclosure, cause pointless confusion for fund shareholders, and push beyond the limits of effective disclosure. The letter urges the SEC to exclude investment companies registered under the Investment Company Act from any look

through requirement and instead permit advisers to send private fund quarterly statements to registered funds and not their shareholders.

Bridget Farrell
Assistant General Counsel

endnotes

[1] See Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews, Release No. IA-5955 (Feb. 9, 2022), available at <https://www.sec.gov/rules/proposed/2022/ia-5955.pdf>.

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