



State Street Corporation

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Vanessa A. Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Via email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**Re: SEC Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements For Large Private Equity Advisers and Large Liquidity Fund Advisers (File Number S7-01-22)**

Dear Ms. Countryman:

State Street Corporation (“State Street”) appreciates the opportunity to respond to the Securities and Exchange Commission’s (“Commission”) proposed rule related to amendments to Form PF for Large Private Equity Advisers and Large Liquidity Fund Advisers (“proposal”).<sup>1</sup> The proposal seeks to lower the reporting threshold for Form PF from \$2 billion to \$1.5 billion in private equity fund assets under management, while also enhancing the disclosure of information regarding the investment funds they advise.

Headquartered in Boston, Massachusetts, State Street is a global custodian bank which specializes in the provision of financial services to institutional investor clients, such as pension plans, mutual funds, alternative investment funds, central banks, charitable foundations and endowments. These services include the provision of investment servicing, investment management, data and analytics, and investment research and trading. With \$43.678 trillion in assets under custody and administration and

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<sup>1</sup> Available at <https://www.sec.gov/rules/proposed/2022/ia-5950.pdf>.

\$4.138 trillion in assets under management, State Street operates in more than 100 geographic markets globally.<sup>2</sup> State Street is organized as a United States (“U.S.”) bank holding company, with operations conducted through several entities, primarily its wholly-insured depository institution subsidiary, State Street Bank and Trust Company. Among other entities, State Street includes State Street Global Markets, LLC, a direct wholly-owned subsidiary of State Street and a U.S. registered broker-dealer regulated by the Commission.

While we understand that Form PF filers have numerous concerns with the Commission’s proposal, our remarks are focused on our principal concern as a service provider to such filers, which is the reporting requirement for ‘certain market occurrences’ as defined in the proposal and the manner in which this information is disseminated.

## REPORTING OF MARKET EVENTS

Among other amendments, the proposal seeks to require hedge fund advisers and large private equity fund advisers to report information upon the occurrence of certain market events that indicate significant market stress or may have systemic risk implications, within one business day. This includes extraordinary investment losses, certain margin events, counterparty defaults, material changes in prime broker relationships, changes in unencumbered cash, operational events and certain events associated with withdrawals and redemptions. As a custodian, State Street provides services to its hedge and private equity fund clients to complete and submit Form PF. In some cases, we perform the underlying calculations for the data used when completing this form.

To the extent that a hedge fund or private fund client seeks to rely on a custodian to prepare the required filing, we believe that the one business day mandate may be logistically challenging. This is due to the fact that clients would need to first inform State Street that a triggering event has occurred, as this information is most likely contained within the client’s systems and not necessarily housed at the custodian. Procedurally, State Street would therefore first need to be notified that an event was triggered by the client, and await receipt of the information or narrative to be disclosed, prior to completing Section 5 (large hedge fund advisers) or Section 6 (large private equity fund advisers) on behalf of its clients. Furthermore, if the custodian were to perform the calculations on behalf of its clients, it would need to exchange information with the clients regarding the market event and the related narrative prior to disclosure. Performing the calculations on the timeline foreseen in the proposal may also lead to increased costs as these calculations have historically been performed at lesser frequencies (*e.g.* monthly or annually). Moreover, as these trigger events may be hard to anticipate, it may be difficult for a custodian to manage its internal resources and be able to appropriately ramp up its operations to file the respective form within one business day. If the market event affects multiple clients, this would likely be even more operationally challenging.

As such, State Street recommends an alternative approach to the disclosure of the events specified in the proposal. Specifically, we recommend that advisers inform the Commission verbally by phone or via email describing the market event that was triggered within one business day and then memorialize the triggering of this event using Form PF’s new Section 5 or new Section 6 within four business days. We

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<sup>2</sup> As of December 31, 2021.

note, in this respect, that the within four business days requirement is analogous to the standard used by the Commission in its proposed rule on the disclosure of material cybersecurity incidents.<sup>3</sup> In our view, this approach better balances the need for the Commission and investors to receive timely information regarding the market event, with the flexibility required for advisers and/or their custodians to complete the formal submission of its new Form PF sections.

## CONCLUSION

Thank you once again for the opportunity to respond to the proposal. We appreciate the Commission's engagement on this matter but strongly recommend it reconsider finalizing the proposal in its current form. We stand ready to provide any additional information or insight that may be useful in its rulemaking process.

Please feel free to contact me at [jjbarry@statestreet.com](mailto:jjbarry@statestreet.com) should you wish to discuss State Street's submission in further detail.

Sincerely,

A handwritten signature in black ink, appearing to read "JJ Barry", with a stylized flourish at the end.

Joseph J. Barry

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<sup>3</sup> Available at <https://www.sec.gov/rules/proposed/2022/33-11038.pdf>.