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INVESTMENT ADVISORS TO PRIVATE FUNDS FACE NEW REPORTING REQUIREMENTS UNDER TERMS OF FORM PF: SAYS KPMG

Understanding and Complying with New and Complex Regulatory Reporting Requirements Will be a Significant Challenge in 2012

NEW YORK, January 23, 2012 – As investment advisors take stock of their 2012 regulatory obligations, advisors to private funds should focus significant attention on the new and complex regulatory reporting requirements adopted by the SEC in November, according to KPMG, the audit, tax and advisory firm.

As adopted by the SEC, Rule 204(b)-1 will require registered investment advisers to private funds to report substantial amounts of never before required information to the SEC, for eventual submission to the Financial Stability Oversight Council (FSOC) for the purpose of monitoring systemic risks to the U.S. financial system. The SEC has also made clear its intention to use the information to assist in fulfilling its supervisory responsibilities.

"Investment advisors should not underestimate the time and effort it will take to comply with this new reporting requirement, said Dave Seymour, head of KPMG's Global Investment Management practice. "It is a complex rule and advisors should start working on the implementation."

Pursuant to the new Rule, the amount of information required and the frequency of reporting will depend on the classification of a fund as a hedge, liquidity or a private equity fund. Likewise, the initial filings required for advisers to private funds will also depend on the adviser's regulatory assets under management.

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