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Via e-mail to: rule-comments@sec.gov

U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
Attention: Elizabeth M. Murphy, Secretary

Reference: S7-05-11 February 22, 2011

Dear Ms. Murphy,

Thank you for the opportunity to provide comments on the SEC's proposed rules relating to reporting by investment advisers to private funds. I have worked as the controller of several foreign and domestic funds of private equity funds with foreign and U.S. corporate and public pension plans and other accredited investors that were advised by a foreign investment adviser. In addition, I have a degree in management information systems, so my comments may also be useful in the design of an information system for form PF reporting that saves a maximum amount of time for keying in data and for making calculations before keying in the result of those calculations.

Comments on specific questions asked in the release

Does it identify the ways in which private equity fund activities might generate systemic risk?

I would tend to agree that the increase of debt financing after the acquisition of a portfolio company by a buyout fund is the main risk for both the portfolio company and for the buyout fund's investors. From a protection of investors point of view the main risks are misstatements of material facts and omissions of material facts about the investment manager (e.g. the reasons for high staff turnover and the compensation structure of staff) and of the performance of prior and current funds (including misstating the valuation of portfolio companies).

Are there other ways that private equity funds or their activities could create systemic risk?

As long as investors do not have a right to redeem their interests in the fund so that the fund would be forced to sell illiquid assets at short notice, no.

However, most private equity funds have a limited life. Typically the fund manager can ask investors to approve short extensions of the life of the fund if not all portfolio companies could be sold until the end of the fund's life. Unfavorable market conditions for the sale of portfolio companies may leave investors with a choice between selling a portfolio company at an unfavorable price or extending the fund's life and not having access to the liquidity. So it may be worthwhile to analyze whether there are a lot of private equity funds that are close to the end of their contractual fund life or already extended fund life that still have a significant amount of assets in relation to their (funded and unfunded) capital commitments. This would be an indicator of potential imminent forced sales at unfavorable prices and of pressure on the market for portfolio companies.

In addition, as with any asset class there may be price bubbles, if investors cannot adequately price the risk of investing in private equity (i.e. the additional leverage piled on portfolio companies). Reporting the amount of unfunded commitments could help to see if private equity funds have a lot of capital that they need to invest that could drive up prices for portfolio companies. The amount of assets under management has grown tremendously over the past decades. The effective management and performance fees including any fees charged directly to portfolio companies by the fund manager are very high and some of the richest U.S. persons that have made their fortune themselves are partners of large private equity funds.

Is the preliminary view that private equity fund activities may have less potential to create systemic risk than hedge funds and liquidity funds correct?

Yes. However, I only have a general understanding of hedge funds and liquidity funds. My experience is focused on private equity funds.

Do private equity funds not have any potential to create systemic risk?

The increase of debt financing after the acquisition of a portfolio company by a buyout fund is the main risk for both the portfolio company, the providers of debt capital and for the buyout fund's investors. As with other assets, such as real estate, the FSOC should be concerned if leverage ratios increase.

Is the monitoring of private equity fund activities unnecessary to assess systemic risk generally?

No. However, I would recommend that the Department of Labor and the states determine how much money corporate and public pension plans have invested in private equity and look at the quality of their investment due diligence as far as knowing the range of effective fees and the risks posed by leverage and a lack of diversification compared to listed equity is concerned. Investing in a buyout fund is similar to taking a loan and using it to partially finance an investment in public equity (i.e. listed companies).

Has the SEC appropriately distinguished private equity funds from other types of private funds in its proposed definition? Should others be excluded?

I am not sure whether a private equity fund's contractual permission to make short-term borrowings on the fund level could trigger a classification as a hedge fund. Could a fund that, is near the end of its life and that does not have a high amount of assets under management left and that does not have a high amount of unfunded commitments left, needs to borrow on a short-term basis to make a follow-on investment in a portfolio company before repaying the borrowed amount with a capital call, be classified as a hedge fund simply because the amount of short-term borrowing expressed as a percentage of net asset values including unfunded commitments exceeds a certain threshold?

Are there more appropriate dividing lines as to when a private fund adviser should be required to report more information?

I cannot recommend any at the moment.

Should any of the assets under management thresholds be lower or higher?

No, the one billion dollar threshold seems fine.

Are the daily (for hedge fund and liquidity fund managers) and quarterly (for private equity fund managers) measurement periods for the assets under management thresholds set appropriately?

Quarterly measurement periods for the amount of assets under management will be fine for most private equity funds. However, some European mid-market buyout funds do not provide quarterly financial statements for the first and for the third quarter.

In addition, the filing deadlines for form PF (and form ADV) are too short for private equity funds. The assets under management of the investment adviser and of its private funds as of the end of the financial year or financial quarter will not be available at the end of the filing deadline for form PF or form ADV. Based on my experience as a former controller for European funds of funds, most European mid-market buyout funds only provide annual financial statements between one and a half to four months after the end of their financial year, half year financial statements between one and a half months and three months after the end of their financial half-year and quarterly financial statements between one and a half months and two months after the end of their first and third financial quarter-end. In addition, most funds only update the valuations of portfolio companies in the half-year financial statements and in the annual financial statements and usually leave the valuations unchanged from the previous quarter in the quarterly financial statements for the first and third quarter. At the end of the proposed filing deadline, net asset values can be a quarter or half a year old.

Should we, as proposed, base the threshold on the amount of assets under management? If not, what should we base it on?

It should be based on the net assets that are attributable to investors (i.e. excluding the amount that is attributable to the fund manager or investment manager). This is a measure of how many assets from investors are at risk. Gross assets under management would show how much is invested in the underlying market for the assets. The term assets under management is generally understood to refer to the amount of assets that are attributable to investors and not to the amount of assets on the balance sheet of a fund (i.e. what the SEC may incorrectly refers to as regulatory assets under management).

Will collecting the information required by sections 2, 3, and 4 of Form PF only from advisers managing in excess of these asset thresholds provide adequate information about potential systemic risk in these industries?

Yes. However, the Commission should also capture the contractual end of a fund’s life and the amount of unfunded commitments as well as the total (funded and unfunded) commitments.

Should we instead require that all private fund advisers registered with the SEC complete all of the information on Form PF appropriate to the type of private funds they advise regardless of fund size or assets under management?

No. That would be way over the top for smaller private equity funds. The burden for filling out form ADV and form PF will be considerable and will be more or less a fixed cost per investment adviser and per private fund for which information needs to be supplied.

Are there advisers to other types of private funds that should be required to report more information on Form PF? For example, should advisers to other types of private fund report more information if they manage in excess of a certain threshold of that type of private fund assets?

No.

Would these proposed aggregation rules appropriately meet our goal of preventing improper avoidance of the reporting requirements while giving a complete picture of private fund assets managed by a particular private fund adviser group?

Yes. This will prevent the investment adviser to split itself into smaller components to avoid reporting requirements that are triggered by the amount of assets that are managed by an investment adviser.

Would aggregating in a different manner be more effective at meeting our goal?

No.

Should funds that invest most (e.g., 95 percent), but not all, of their assets in other funds be excluded from Form PF reporting?

No. Although funds of private equity funds typically do not have significant amounts of leverage at the fund of fund level, there is no guarantee that this will be the case for all funds of private equity funds. In addition, there is evidence from listed Swiss funds of private equity funds that over-commitment (i.e. committing more capital to underlying funds than is committed by investors or more than the current equity) can be a problem.

However, the percentage of assets that a fund of private equity funds invests in underlying funds can be much lower than 95% in practice. The funds of funds that I used to work for could invest up to 20% of the capital that was committed by investors directly in portfolio companies (usually as co-investment alongside with underlying private equity funds), so that the investment in private equity funds could be as low as 80%. The main additional information on the fund of fund level is the information on the investors of the fund of fund. If information is only collected for the underlying private equity funds then one of the large investor groups in underlying private equity funds will be funds of funds.

Funds of private equity funds tend to be large in terms of their fund size and foreign funds of private equity funds often have some U.S. investors (typically corporate and public pension plans and endowments). This may result in funds of private equity funds that invest in underlying private equity funds with a small fund size (e.g. mid-market buyout funds) to be subject to file form PF. However, the underlying funds would not file form PF due to their small fund size and assets under management.

The Commission, should review, whether funds of private equity funds should be required to look through their underlying private equity funds to the underlying portfolio companies in order to obtain the debt-to-equity ratios and the geographic and industry sector diversification of the portfolio companies. I am skeptical, whether funds of private equity funds should file information on their underlying funds or on underlying portfolio companies in section 4 of form PF. I think they should not be required to file section 4 at all. The main information that is interesting about funds of private equity funds are leverage, over-commitments, unfunded commitments and the contractual end of the fund life and the types of investors on the fund of fund level.

Would excluding such funds still provide FSOC with a complete enough picture of private fund activities to have an adequate baseline for systemic risk monitoring purposes?

Reporting by underlying private equity funds will already show how much investor money is invested in private equity and how much leverage the portfolio companies have.

Should we require different reporting relating to foreign advisers or foreign private funds?

As long as investment advisers can rely on self-declarations that investors make when they subscribe to interests in the fund or when they acquire interests in the fund from existing investors, that is fine. Otherwise, the investment adviser typically does not know if a natural person moves to the U.S. or if an institutional investor reincorporates in the U.S.

Should we not allow advisers to file a consolidated form with its related persons?

No, advisers should have the option to file a consolidated form with its related persons or to identify its related person so that the Commission can perform the consolidation.

Requiring the same person that provides information on private funds on form PF to be the same person that provides information on the same funds on form ADV seems like a good approach.

Should we require that exempt reporting advisers file Form PF?

No. I think that the information that is collected on the proposed form ADV already captures sufficient information.

However, the Commission's legal analysis that Congress' determination to exempt certain advisers from SEC registration indicates Congress' belief that they are sufficiently unlikely to pose systemic risk that regular reporting of detailed information may not be necessary is flawed. The system and the interplay of the provisions in Title IV of the Dodd-Frank Act suggest otherwise. In addition, the cited paragraph in the Senate report only mentions venture capital funds, but does not mention other private funds. The language of the venture capital fund adviser exemption in the final version of the Dodd-Frank Act (sec. 407) directs the Commission to require those advisers to maintain such records and to provide such annual or other reports as the Commission determines necessary or appropriate in the public interest or for the protection of investors. The Senate version did not contain such an authorization to require record keeping and reporting by advisers to venture capital funds. In addition, the title of sec. 407 in the final version of the Dodd-Frank Act was expanded to include "and reporting” by venture capital fund advisers when compared to the Senate version of the Dodd-Frank Act. The additional record keeping and reporting authorizations in section 407 and in section 408 for advisers to certain private funds that are exempt from registration are important, because the record keeping and reporting authorization in section 404 (i.e. sec. 204(b)(1) IA) only refers to advisers that are registered with the Commission.

The Commission should rather refer to its statutory exemptive authority than to an intent by Congress as the basis for exempting exempt reporting advisers from filing form PF.

Are the filing requirements for private fund advisers frequent enough to assess high-level systemic risk posed by private funds?

Yes.

Should smaller private fund advisers have to file more frequently or less frequently? Should Large Private Fund Advisers be required to file Form PF more frequently (such as monthly) or less frequently (such as annually or semiannually)?

No. However, private equity funds should not be required to provide monthly performance numbers, because they will typically not vary much within a quarter.

Is 90 days for an annual update or 15 days for a quarterly update too long to ensure reporting of timely information?

No. It is actually too short. In the case of private equity funds valuations of the investments in portfolio companies are typically not be available within 90 days after the end of the financial year or within 15 days after the end of a financial quarter. If such short filing deadlines are retained, the valuation will be as of the end of one of the previous quarters (i.e. it will be up to two quarters plus the filing deadline old).

Would more or less time be more appropriate?

More time would take into account the timing of the availability of information about the valuation of investments and the other contents of the financial statements.

Specifically, would 15 days be enough time for Large Private Fund Advisers to prepare and file quarterly reports?

No. 15 days would not be enough for large advisers that advise private equity funds.

Is there information in the form that should be amended promptly if it becomes inaccurate?

Nothing that I can think of from the perspective of a private equity fund.

Should Large Private Fund Advisers be required to file Form PF as of the end of each calendar quarter or as of the end of each fiscal quarter?

If the Commission or if the FSOC want to aggregate data from various investment advisers as of a certain reporting date, then the data should be as of the same reporting date. I assume that most private funds use a calendar year end and use calendar quarters. As a consequence, I would recommend requiring Large Private Fund Advisers to file form PF as of the end of each calendar quarter.

Do the compliance dates and transition times that we have proposed provide sufficient time for smaller advisers and Large Private Fund Advisers to prepare for filing?

The compliance dates provide sufficient time provided that the final rule is adopted soon and that the filing deadlines after the end of the calendar year and after the end of calendar quarters are extended for private equity fund advisers.

Is there additional basic information that we should require from all advisers filing Form PF or regarding all of the hedge funds or other private funds that they manage? For example, should we require any of the more detailed information about their borrowing practices that we require regarding large hedge funds in Item B of section 2b?

No. However, information about the ability and the actual use of the ability to commit more capital to investments (e.g. to portfolio companies) than the investors have committed to the fund should be required since this can lead to liquidity problems and a need to obtain additional debt financing at the fund level. In addition, information about the end of the contractual life of a fund, about its unfunded commitments and about its total (funded and unfunded) commitments is useful.

Is a creditor providing 5 percent of the fund's borrowings an appropriate threshold for significant creditors of whose identity FSOC may want to be aware for purposes of assessing the fund's interconnectedness in the financial system? Should the threshold be more or less?

Private funds should only be required to disclose information about individual borrowings and credits if the borrowings exceed a certain percentage of the total assets and the unfunded capital commitments of the private fund. Otherwise, private funds with a low leverage ratio will have a disproportionate burden to supply information that is not justified by the risks of leverage.

Are the top five equity holders in the fund an appropriate threshold for significant investors in the fund? Should the threshold be more or less?

That is hard to say. The funds of private funds that I know had a diversified investor base, so the top five investors did not hold a very high percentage of the net assets that were attributable to investors. I think the percentage of the type of investors (e.g. corporate pension plan, public pension plan, endowment, etc.) and the nationality of investors were more interesting.

Should we require assets under management information for other private fund categories than those specified in question 4?

No.

Should we request that performance data be reported on a different basis than monthly and quarterly?

Yes. Why is having monthly performance data from private equity funds (or other private funds that only update their valuations on a quarterly basis) really necessary for the assessment of systemic risk from private equity funds? If valuations are only updated quarterly and if there are no frequent distributions to investors (both is common form private equity funds), then the monthly performance within a quarter will generally not vary much. In my opinion, the burden of calculating the monthly performance of private equity funds before and after performance fees is not justified by the benefits.

Are there other primary investment strategies that hedge funds use that should be included in question 17?

At first glance, the list of investment strategies looks fine. However, I am not an expert as far as hedge funds are concerned.

Is the information we have proposed requiring on the fund's borrowings necessary given that other questions in section 1b ask for information on the fund's gross and net assets?

The passive side of the balance sheet does not only contain debt (i.e. loans and credit lines), but also contains other liabilities (such as accrued expenses or deferred income), but also contains equity that is attributable to the fund manager (e.g. unrealized gains that represent performance fees of the fund manager if they would be realized). If the Commission uses the net assets that are attributable to investors as the regulatory assets under management (since this would reflect the common use of the term assets under management), then the difference between the total assets on the balance sheet (gross assets) and net assets under management will be the liabilities and the net assets (i.e. equity) that are attributable to the fund manager. I guess the Commission is primarily interested in leverage for purposes of systemic risk.

Will asking for the amount and identity of the five trading counterparties to which the fund has the greatest net counterparty credit exposure and that have the greatest net counterparty credit exposure to the fund appropriately track significant exposures for systemic risk assessment purposes?

Yes. However, the burden of reporting that information on a regular basis by a large number of investment managers will only be worthwhile if the leverage ratio of the fund exceeds a certain de minimis threshold and if the total amount of debt exceeds a certain de minimis amount.

Have we requested appropriate information on trading and clearing practices sufficient to allow FSOC to examine systemic risks relating to trading and clearing outside of regulated exchanges and central clearing systems?

Since the trading and clearing practices of private equity funds take place over-the-counter through signing share purchase agreements, I do not feel qualified to comment on this point.

Is there information in section 1 that we should not require, or that we should only require of large hedge fund advisers and why?

No comment.

With respect to the aggregation of master-feeder arrangements for reporting purposes, are there common situations in which an adviser will not have sufficient access to a feeder fund's information to report accurately on Form PF?

When the investment manager of a master fund is not related to the investment managers of the feeder funds, it may not have access to information about the feeder fund. The investment manager of an underlying investment fund usually does not know have access to information about a fund of funds (e.g. other investments in underlying funds, the identity of investors, etc.).

If so, how should the form address those situations? We also request comment more generally on the definitions of terms we have proposed in the glossary of terms for Form PF.

The Commission should provide guidance on how the amount of equity and debt should be determined for purposes of calculating the debt-to-equity ratios of portfolio companies. The Commission should clarify whether private equity funds are permitted to use the definitions of debt and equity of the accounting standards that are used in preparing the financial statements of the portfolio companies. In addition, it should clarify whether the numbers are taken from consolidated financial statements for each portfolio company that take debt on holding companies into account. It should also clarify, whether shareholder loans should be treated as debt or whether they should be separately disclosed (e.g. in a second different debt to equity ration) Shareholder loans are often used for tax purposes because the interest expense reduces the taxable profit and can be used to obtain some downside protection against managers of the portfolio company that only receive common equity and that only participate in profits if they exceed a certain minimum return hurdle.

Buyout funds usually do not use debt-to-equity ratios as ratios for tracking the indebtedness of portfolio companies. They rather use *net* financial debt (i.e. financial debt less cash and cash-equivalents) in relation to the enterprise value (i.e. the fair value of the portfolio company's equity as valued by the fund manager in a valuation plus the financial debt less cash and cash equivalents). The downside of this ratio is that the leverage ratio can be understated by overly optimistic valuations of the investment in portfolio companies by the fund manager. An alternative would be the ratio of net financial debt to the total assets less cash and cash-equivalents (based on the valuation in the portfolio company's financial statements).

Is there additional information that the SEC should request and why? For example, are their additional lending practices used in leveraged buyouts about which the form should collect information?

The SEC should request information whether the fund is permitted to commit more capital to portfolio companies or to underlying private equity funds (in the case of a fund of funds) than was committed by the fund's investors (including the fund manager). It should also request whether this ability has already been used so that there is an actual over-commitment that might result in liquidity problems and that may cause the fund to take on additional debt to obtain this liquidity if the capital commitments become due. Several listed Swiss funds of private equity funds ran into liquidity problems due to over-commitments when the market for the sale of portfolio companies became unfavorable and when there were not enough distributions of proceeds from the sale of portfolio companies by underlying funds so that the fund of funds was in danger of not being able to capital calls from underlying funds. This resulted in forced sales of interests in underlying funds at potentially unfavorable prices or in taking on additional loans at potentially unfavorable interest rates under pressure.

Are there particular industries in which private equity funds might invest that could be systemically important? Should the Form ask additional questions specific to those industries?

No. I think the financial services sector already covers portfolio companies that might be systemically important. The form should not ask additional questions.

Should the form track private equity fund investments in different geographic and/or industry concentrations than those we have proposed?

Since investment managers of private equity funds that also invest in non-U.S. portfolio companies will be required to report information on industry sectors, the Commission should consider using an industry classification that is more widely used on an international scale and should not use the NAICS (North American Industry Classification System). I propose to use the Global Industry Classification System (GICS) that was developed by MSCI or the Industry Classification Benchmark (ICB) that was developed by Thomson Reuters. If the industry classifications that are used in the portfolio company databases of funds that invest in the U.S and outside of the U.S. are different or more or less broad as the ones in the NAICS, this will require changing the database systems to key in two different industry codes whenever a new portfolio company is added.

In addition, I suggest to refer to the reporting fund's *investments in portfolio companies* instead of to its *investments* and to refer the % of the value of the *reporting fund's investments in portfolio companies* instead of *gross assets*. Otherwise there may be confusion about the industry breakdown of other assets on the balance sheet, such as cash and cash-equivalents, prepaid expenses or accrued income.

Furthermore, I suggest to refer to the jurisdiction of the principal executive office (as used in form 20-F) of the portfolio company rather than to the jurisdiction of incorporation or organization of the issuer. I also recommend making an instruction that any financial holding companies between the private fund and the portfolio company should be disregarded for purposed of determining the country in which the principal executive office is located. Private equity funds often use financial holding companies that are incorporated or organized in another jurisdiction or country than the country of the actual portfolio company for tax or legal reasons. Financial holding companies may be used instead of a shareholder agreement to make co-investments together with other private equity funds, investors or the management of the portfolio company. In addition financial holding companies may be used to benefit from bilateral anti-double taxation treaties that are more favorable if a detour is taken through a third country via a financial holding company (i.e. treaty shopping) or to benefit from the European Union's parent-subsidiary directive for the avoidance of withholding taxes on dividends (i.e. directive shopping). Those financial holding companies typically have no employees and offices of their own.

Should the SEC request less information and why? Should the SEC not require any reporting on Form PF specific to private equity funds? Why or why not?

While I understand that information about the geographical areas and the industry sectors in which private equity funds are invested and how diversified they are may be interesting from a general point of view and that diversification and country risk is interesting for prospective investors in their due diligence, I am doubtful that it is relevant for purposes of systemic risk. The periodic keying in of this information, the change of classification systems and the cost of changing the Commission's IT system and increases in filing fees are a real burden and cost that will likely be passed on to investors. I do that the cost of providing geographic and industry sector diversification information exceeds the benefits of the use of this information for the assessment of systemic risk.

Other comments

The Commission should use technology to the largest extent possible to avoid that thousands of investment advisers have to re-enter information on form PF that they have already entered on form ADV. The Commission could have the database look up fields that were entered in form ADV and propose the contents of those fields in the corresponding (identical or often similar) fields on form PF. I mention a few fields whose content could be proposed based on the content of other similar fields below. This would potentially save a lot of typing effort.

- Name of the private fund: Form PF section 4 item A question 56 -> Form PF section 1b Item A question 6 -> Form ADV schedule D Section 7.B.1 question 1(a)
- Gross value of the private fund: Form PF section 1b item B question 7 –> Form ADV schedule D section 7.B.1 question 11(a)
- Net asset value of the private fund: Form PF section 1b item B question 7 –> Form ADV schedule D section 7.B.1 question 11(b)
- Number of the fund's beneficial owners: Form PF section 1b item B question 12(a) -> ADV schedule D section 7.B.1 question 14

In addition, form ADV, form PF and their respective schedules should propose the contents of the information that was entered when the last form ADV or form PF was filed since some of the information may not have changed since the last filing and may not require any updating.

In addition, foreign investment advisers to private funds should not be required to look up official exchange rates to the U.S. dollar and to have to convert amounts in foreign currencies to U.S. dollars. The software should allow entering the type of currency for all fields that contain amounts and should automatically look up the appropriate exchange rate. The first currency field should propose a currency based on the country in which an adviser or a private fund is located. When a currency has been selected for one field, it should be proposed for all other fields in order to avoid having the user scroll through endless lists of currencies. Lists with currencies in scroll down boxes should not be sorted alphabetically, but should contain the currencies that are most widely used at the top (e.g. USD, EUR, GBP, etc.).

I believe that private equity fund advisers should not be required to enter the monthly performance in form PF section 1b item C question 14 because the performance will usually not vary much within a quarter. Most private equity funds only update their valuations are only updated at the end of each quarter. In addition, distributions to investors only happen infrequently when an underlying portfolio company is sold or when an underlying portfolio company repays capital due to a releverage. For both reasons, the realized and unrealized performance is not going to vary much within a quarter.

The Commission should specify how a reporting fund's performance should be calculated. In addition, the Commission should specify by which it is divided in order to arrive at a percentage. Furthermore, the Commission should specify how unrealized gains should be treated in the calculation of the performance fee for purposes of calculating the performance gross and net of the performance fee. I propose to make the calculation based on the assumption that all assets of the fund would be liquidated and that all liabilities would be settled at their values in the balance sheet as of the performance reporting date. Any distribution of the net assets should be performed in line with the provisions in the fund's governing documents (e.g. the limited partnership agreement). I used to make such calculations to double check whether underlying private equity funds provided a correct calculation of the limited partners' capital account (i.e. of the net assets attributable to the limited partners). Sometimes underlying private equity funds do not disclose how much capital is attributable to the limited partners and how much is attributable to the general partner (i.e. the fund manager). Sometimes they fail to allocate the unrealized gains that would be attributable to the fund manager as his performance fee if they would be realized. Failing to correctly allocate unrealized gains leads to an overvaluation of the limited partner's net assets until they have received their capital and their performance hurdle through distributions.

The Commission should clarify whether securities issued by the government of foreign countries or by political subdivisions and agencies of foreign countries are government securities in the definition of cash and cash equivalents in the glossary of terms for form PF.

I appreciate the opportunity to comment on these matters and hope that my comments are useful in the rulemaking process. Please do not hesitate to contact me by e-mail if you have any follow-up questions.

Respectfully submitted,

Georg Merkl