

Via Email

October 28, 2021

The Honorable Gary Gensler  
Chair  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

*Re: Rulemaking Action to Require Quarterly Fee and Expense Reporting by Private Fund Advisers*

Dear Chair Gensler:

I am writing on behalf of the Council of Institutional Investors (CII), a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately \$4 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants – true “Main Street” investors through their pension funds. Our associate members include non-U.S. asset owners with about \$4 trillion in assets, and a range of asset managers with more than \$40 trillion in assets under management.<sup>1</sup>

The purpose of this letter is express our strong support for the October 26, 2021, written request of the Institutional Limited Partners Association (ILPA) and the institutional investor members of the ILPA seeking Securities and Exchange Commission “rulemaking action that would mandate the regular reporting of all direct and indirect fees and expenses charged by private fund advisers and their affiliates to investors in private funds.”<sup>2</sup> As the leading voice for effective corporate governance and strong shareholder rights, CII has long held the view that private fund advisers should provide disclosures that:

[F]oster transparency and accountability throughout the capital markets, thus enhancing confidence in the markets. They would also . . . guard against misuse of fund assets and abuses of the power inherent in large pools of capital.<sup>3</sup>

---

<sup>1</sup> For more information about the Council of Institutional Investors (“CII”), including its board and members, please visit CII’s website at <http://www.cii.org>.

<sup>2</sup> Letter from Steve Nelson, Chief Executive Officer, Institutional Limited Partners Association (ILPA) et al. to Honorable Gary Gensler, Chair, U.S. Securities and Exchange Commission 1 (Oct. 26, 2021), [https://ilpa.org/wp-content/uploads/2021/10/26.10.21\\_ILPA-Member-Letter-to-SEC-on-Fee-Transparency.pdf](https://ilpa.org/wp-content/uploads/2021/10/26.10.21_ILPA-Member-Letter-to-SEC-on-Fee-Transparency.pdf).

<sup>3</sup> Investors’ Working Group, U.S. Financial Regulatory Reform: The Investors’ Perspective 17 (July 2009), [https://www.cii.org/files/issues\\_and\\_advocacy/dodd-frank\\_act/07\\_01\\_09\\_iwg\\_report.pdf](https://www.cii.org/files/issues_and_advocacy/dodd-frank_act/07_01_09_iwg_report.pdf). Following its issuance,

More specifically, CII believes that in order for private fund advisers to foster transparency and accountability they should be required to quarterly report fees and expenses.<sup>4</sup> We agree with ILPA that required quarterly fee and expense reporting by private fund advisers “is necessary to ensure transparency for all investors and ensure investors can validate that the fees charged by private fund advisers conform with contractual agreements.”<sup>5</sup>

We appreciate your consideration of our views. Please let me know if you have any questions regarding this issue.

Sincerely,



Jeffrey P. Mahoney  
General Counsel

cc: The Honorable Commissioner Caroline A. Crenshaw  
The Honorable Commissioner Allison Herren Lee  
The Honorable Commissioner Hester M. Peirce  
The Honorable Commissioner Elad L. Roisman  
Acting Division Director, Division of Investment Management, Sarah ten Siethoff

---

the Investors' Working Group (IWG) report was reviewed and subsequently endorsed by CII board and membership. For more information about the IWG, please visit CII's website at [https://www.cii.org/investors\\_working\\_group](https://www.cii.org/investors_working_group).

<sup>4</sup> See Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors to The Honorable Maxine Waters, Chair, Committee on Financial Services, United States House of Representatives et al. 2 (Nov. 25, 2019), [https://www.cii.org/files/issues\\_and\\_advocacy/correspondence/2019/November%2025%202019%20Letter%20to%20Committee.pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2019/November%2025%202019%20Letter%20to%20Committee.pdf) (“We continue to support improvements to the disclosures provided by private equity managers to member funds, including fee and expense reporting”).

<sup>5</sup> Letter from Steve Nelson, Chief Executive Officer, Institutional Limited Partners Association (ILPA) et al. to Honorable Gary Gensler, Chair, U.S. Securities and Exchange Commission at 1; see Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors to The Honorable Maxine Waters, Chair, Committee on Financial Services, United States House of Representatives et al. at 2 (“We also generally believe that better disclosures are critical to ensuring that investment contracts signed by our member funds are complied with by the private equity managers.”).