



next two Q&A sessions to the same addr





managing entity Fund 1, Fund 2, and the acqu un Fugi a

To answer the specific question about 80230-- no, 80230 would not apply. The new definition of person in the proposed rule includes not only the managing entity but all of the entities for which it is the investment manager. In contrast, the exemption contained in 80230 requires holding at least 50% of the voting securities in investm foirs t

Under the proposed rule with aggregation, there would be one filing.

We don't yet know the net impact on filings but believe that the filings we do get will provide the right amount of information to do our initial competition analysis. As for the impact on investment risk and management costs, we welcome comments on these points.

TARA KOSLOV: Great, thanks, Kate. And yes, we'll be on the lookout for comments on      potent

questions posed in the AMPRM.

TARA KOSLOV: Thanks, Ken.

KATE WALSH: Tara, can I jump in on that real quick?

TARA KOSLOV: Sure, go right ahead.

KATE WALSH: I wanted to add it's really important that we get input on the AMPRM and 80264, in particular. I mean, obviously, we're looking for comments on all questions laid out in the AMPRM. But 80264 hasn't been touched in decades.

And we really would value the chance to hear from folks in comments about how valid 80264 is, how it might need to change the entities involved, how they've evolved. We would value all of that. So please, highlighting what Kenneth said that we would be very grateful for input on that particular topic.

TARA KOSLOV: It's a really important point. Thanks for emphasizing that. Kate, I'm going to throw a question to you that also relates to institutional investors. So here's the question we received.

Many asset managers manage both funds that qualify as institutional investors under 80264 and funds that do not. So doesn't this mean that under the proposed rules, the exemption may no longer be available to institutional investors in many cases?" 1 ð ñ0 &

0! Â ò( ñ H ã H Y D0006.4J/T/j/C2\_0 1 Tf -1000F>-1>131.9 <Td [<00



investors and how we might be able to differentiate, and how we would be able to move forward understanding the importance of the institutional investor exemption.

TARA KOSLOV: OK, switching gears a little bit. Here's a question that relates to the foreign person analysis. So here's the question.

"Under the proposed rules, how would one determine whether an acquiring person is a foreign person if its associates include both US and foreign entities? Would the foreign person analysis under 8011E2 still be conducted on the UPE of the acquiring entity or on the managing entity?"

KATE WALSH: Thanks, Tara. That's a really important set of questions. And let me take a moment to provide an update that we are, in fact, working on the draft of the final rule for the determination of whether an entity is a US or a foreign person or issuer.

We would welcome comments on how to best address what these questions have identified as issues. We're in the process, as I said, of drafting that final rule, reviewing comments received in response to that rulemaking.

And obviously, if a Commission finalizes a rule on whether a person or issuer is a US or foreign person, we'll need to reconcile that with the one adopted-- by the one that we're currently facing with the proposed rule. We'll need to work that out. And this question that we've gotten raises several issues that will be crucial there. And again, we welcome input on how to do that.

TARA KOSLOV: I'm sure people will be happy to know that we're thinking through all those different steps. Ken, I'm going to pose a process question to you that we received.

So the question is, "will there be a significant time period between the publication of the final rules and the date on which they take effect so that investors can analyze their portfolios, make the applicable filings, await responsive filings by the issuers, and obtain termination or expiration of the waiting periods so that ordinary course trading can continue when the rules take effect without disruption to the securities markets?"

KEN LIBBY: Yes, of course, there's going to be some period. There's typically a delay in implementing the rule changes. And we welcome comments on how long the transition period should be.

However, we don't want the period to be so long that it would enable filers to evade the purpose of the new rule by substantially increasing their holdings before the effective date.

TARA KOSLOV: And I'm sure if potential commenters have some thoughts about what the right period would be, we would welcome comments on that point.

KATE WALSH: Yeah, and if I could add, Tara, we understand the importance in giving people plenty of time to get used to things and get things in order for filings that would be affected. We have every interest in making sure that folks have enough time. It's useful for us too, believe me.

And it's important to note the tension there. We want to give people enough time to make the transition. But again, we don't want it to be so long that the purpose of the rule is not forefront.

TARA KOSLOV: An important balance to be reached there. So along similar lines relating to potential burden, Kate, let me pose another question to you that we received.

"Given the burden on investors in collecting and providing this information for each associate, has the FTC considered limiting the requirement to provide information on associates to overlapping or competing entities consistent with the current rules? And could an approach that asks investors to identify whether they hold interest in competitors or firms with a vendor/vendee relationship better balance the benefits and burdens of new information that would be required for items 4 through 8?"

KATE WALSH: That's a great question. This is essentially asking if the approach currently used in the form in item 6C, 7C, and 8C that require a more limited response based on NAICS overlaps could also be used for items 4, 5, 6A, and 6B if aggregation of associates is required.

So this speaks to whether NAICS codes are an accurate way to capture competitive overlaps or vertical relationships among the entities in an investment structure. The proposed rule offers two ways to identify competitive relationships, NAICS codes, or through an assessment of whether the parties are competitors.

In the MPRM, the Commission, of course, acknowledges that this proposed two-





advisors at issue.

We eve@ È — rÐ @ ÜÑC'- @@ \$











TARA KOSLOV: Yeah, and we can certainly clarify that tomorrow.

KATE WALSH: That's a good idea.

TARA KOSLOV: All right, well, we're so glad that everybody was able to join us today. It's unfortunate that we couldn't all be together to discuss our beloved HSR topics. But this virtual format, I think, worked really well. And we're glad you were all able to be with us.

And thank you very much to Kate and Ken for your wisdom and expertise and for shepherding this process. And we will see you all back here again tomorrow at 1:00 for our next session. Thanks so much.