

April 8, 2011

## Department of Treasury Proposes New Reporting Requirements Applicable to Private Funds

On March 31, 2011, the U.S. Department of the Treasury released the final draft of a proposed new reporting form, Form SLT, in connection with the Treasury International Capital reporting system, which is designed to provide timely information on international capital movements. Many private equity funds and hedge funds have received notices from the Federal Reserve Board indicating that they may be subject to the Form SLT reporting requirements.

Form SLT will be used to collect monthly data on cross-border ownership by U.S. and foreign residents of long-term securities and to develop financial, monetary and fiscal policy. If approved, the new reporting requirements will become effective as of June 30, 2011.

Comments on the proposed reporting requirement are due by May 5, 2011.

### Who Will Need To File?

An investment adviser generally will be required to submit a Form SLT, as a representative of the funds it manages, if the total market value of all (i) securities issued by U.S. funds managed by the investment adviser to foreign residents and (ii) securities of foreign issuers owned by U.S. funds managed by the investment adviser (and not held by U.S. custodians, who are separately subject to Form SLT reporting requirements) equals or exceeds \$1 billion.

For example, a U.S. private fund's reportable securities will include both any investments in it by foreign investors (including foreign feeder funds) and the private fund's investments in foreign securities. The Form SLT reporting obligations only apply to U.S. issuers and "end investors," so an investment adviser will not have a Form SLT reporting obligation with respect to its foreign private funds.

### What Information Will Be Filed?

Form SLT will require the following information regarding reportable securities: (i) with respect to interests in U.S. funds held by foreign residents, the fair market value of the securities, the country of residence of the foreign resident and whether the foreign resident is a foreign official institution, and (ii) with respect to foreign securities owned by U.S. funds, the fair market value of the securities, the country of residence of the foreign resident issuer and whether the securities are foreign government bonds, foreign corporate or other bonds or foreign equities.

### When Will Form SLT Be Due?

Starting June 30, 2011 and for the remainder of 2011, Form SLT will be required to be reported as of the last business day of each calendar quarter, with the form submitted no later than the 23<sup>rd</sup> calendar day of the following month. Beginning in 2012, Form SLT will be required to be reported as of the last business day of each month, with the form submitted no

later than the 23<sup>rd</sup> calendar day of the following month. Once an investment adviser files a Form SLT, it will be required to file a Form SLT for each reporting date in that calendar year, regardless of whether the market value of the reportable securities falls below \$1 billion.

An investment adviser's Form SLT will be filed with the Federal Reserve Bank of New York either by mail or fax. Information provided on the Form SLT report will be kept confidential by the Treasury, the Board of Governors of the Federal Reserve System and the Federal Reserve Banks.

Form SLT and the corresponding instructions can be found at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms-slt.aspx>.

\* \* \*

This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

- |                                    |                                  |
|------------------------------------|----------------------------------|
| Robert M. Hirsh 212-373-3108       | Marco V. Masotti 212-373-3034    |
| Philip A. Heimowitz 212-373-3518   | Amran Hussein 212-373-3580       |
| Stephanie R. McCavitt 212-373-3558 | Jennifer A. Spiegel 212-373-3748 |
| Karen J. Hughes 212-373-3759       | Lindsey L. Wiersma 212-373-3777  |

**NEW YORK**  
1285 Avenue of the Americas  
New York, NY 10019-6064  
+1-212-373-3000

**BEIJING**  
Unit 3601, Fortune Plaza Office  
Tower A  
No. 7 Dong Sanhuan Zhonglu  
Chao Yang District, Beijing 100020  
People's Republic of China  
+86-10-5828-6300

**HONG KONG**  
12th Fl., Hong Kong Club Building  
3A Chater Road  
Central Hong Kong  
+852-2846-0300

**LONDON**  
Alder Castle, 10 Noble Street  
London EC2V 7JU  
United Kingdom  
+44-20-7367-1600

**TOKYO**  
Fukoku Seimei Building, 2nd Floor  
2-2, Uchisaiwaicho 2-chome  
Chiyoda-ku, Tokyo 100-0011  
Japan  
+81-3-3597-8101

**WASHINGTON, D.C.**  
2001 K Street NW  
Washington, DC 20006-1047  
+1-202-223-7300

**WILMINGTON**  
500 Delaware Avenue, Suite 200  
Post Office Box 32  
Wilmington, DE 19899-0032  
+1-302-655-4410