



April 21, 2021

Honorable Gary Gensler
Chairman

U.S. Securities and Exchange Commission

100 F Street NE
Washington, D.C. 20549-1090

The Institutional Limited Partners Association (ILPA)¹ is pleased to congratulate you on being confirmed as Chairman of the SEC and looks forward to a productive ongoing dialogue with the Commission. ILPA is the only organization of its kind and exclusively represents the interests of institutional investors in private funds, otherwise known as limited partners, with a particular focus on private equity strategies.

The Commission has played an important role in ensuring appropriate oversight of private fund managers and we believe it remains uniquely positioned to drive higher governance, transparency and reporting standards. While a robust examination and enforcement program has contributed to increased accountability for private fund advisers' to honor contractual obligations to their limited partners and improve practices associated with fees and expenses, we see room to extend this critical work. And despite the growth and dynamism of the industry, the specialized units at the SEC that are focused on private fund advisers² provide additional confidence to limited partners that the Commission possesses the requisite knowledge and expertise to dissect the complex financial structures employed and evaluate the ever-evolving business models. We welcome the chance to engage with you and your staff on issues that enhance and extend protections to limited partners and their beneficiaries, which include, but are not limited to, the retirement assets of hundreds of thousands of teachers and first responders.

We were encouraged by your statement at the March 3rd confirmation hearing that the disclosure of fees and conflicts of interests by private equity advisers sits "at the heart of the Investment Advisers Act" and wholeheartedly agree. Unfortunately, under current SEC regulations, limited partners routinely fail to

¹ ILPA is the voice of the institutional investors invested in private equity, colloquially known as Limited Partners or LPs. Our 550+ member institutions represent over USD 2 trillion in private equity assets under management globally and include public and private pension funds, insurance companies, university endowments, charitable foundations, family offices and sovereign wealth funds, all of which invest in the U.S. alternative investment market. LPs provide the capital that fuels private equity and venture capital investment, generating economic growth and job creation, across America and around the world.

In addition to providing this critical capital for economic growth, LPs are the trusted financial stewards investing the assets of millions of Americans. Limited partner beneficiaries include teachers, first responders, students receiving university scholarships, charity recipients and insurance policyholders, among others. ILPA is headquartered in Washington, D.C. with additional offices in Toronto, Ontario. For more information on ILPA's members, please visit: <http://www.ilpa.org/members>.

² These specialized SEC units include the Private Fund Rulemaking Unit in the Division of Investment Management, the Private Fund Examination Unit in the Division of Examinations, and the Asset Management Unit in the Division of Enforcement.

receive adequate transparency in these areas. We see scope for targeted action by the SEC to address these shortcomings and would highlight the following three issues as having the potential to materially benefit the private funds market :

- **Standard of Care:** Ensuring that private fund advisers cannot contract to a lower standard of care than that required under the Investment Advisers Act of 1940
- **Fee and Expense Reporting:** Requiring clear and consistent fee and expense reporting on a quarterly basis to all limited partners invested in private funds
- **Access to Compliance Deficiencies:** Permitting limited partners to access information on compliance issues identified through SEC examinations of private fund advisers managing the funds in which they invest

We hope to continue to serve as a resource to the SEC on any and all topics relevant to its private funds activities. In addition to the pressing opportunities noted above, we are eager to provide the limited partner perspective on matters that will be key determinants of the industry's long-term success and sustainability, such as Diversity, Equity and Inclusion, ESG investing and the participation of retail capital in the private markets.

Congratulations once again and we look forward to meeting with you in the near future.

Sincerely,



Steve Nelson

Chief Executive Officer

Institutional Limited Partners Association (ILPA)

Cc:

Commissioner Caroline Crenshaw

Commissioner Allison Herren Lee

Commissioner Hester Peirce

Commissioner Elad Roisman